

Calendar No. 577

109TH CONGRESS
2D SESSION**S. 3778**

To reauthorize and improve the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2006

Ms. SNOWE, from the Committee on Small Business and Entrepreneurship, reported the following original bill; which was read twice and placed on the calendar

A BILL

To reauthorize and improve the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Small Business Reauthorization and Improvements Act
6 of 2006”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

★(Star Print)

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.

TITLE I—REAUTHORIZATION OF PROGRAMS

- Sec. 101. Reauthorization of programs in Small Business Act.
- Sec. 102. Other reauthorizations.
- Sec. 103. Conforming technical change in average smaller loan size.
- Sec. 104. Accurate subsidy model.
- Sec. 105. Inclusion of persons with disabilities.

TITLE II—NATIONAL PREFERRED LENDERS PROGRAM

- Sec. 201. National Preferred Lenders Program.
- Sec. 202. Maximum loan amount.
- Sec. 203. Alternative size standard.
- Sec. 204. Minority small business development.
- Sec. 205. Lowering of fees.

TITLE III—SMALL BUSINESS INVESTMENT ACT OF 1958

Subtitle A—Debentures and Securities

- Sec. 301. Participating debenture companies.
- Sec. 302. Participating securities.

Subtitle B—Development Companies

- Sec. 321. Development company loan programs.
- Sec. 322. Loan liquidations.
- Sec. 323. Additional equity injections.
- Sec. 324. Businesses in low-income areas.
- Sec. 325. Combinations of certain goals.
- Sec. 326. Maximum 504 and 7(a) loan eligibility.
- Sec. 327. Refinancing under the Local Development Business Loan Program.
- Sec. 328. Technical correction.
- Sec. 329. Definitions for the Small Business Investment Act of 1958.
- Sec. 330. Repeal of sunset on reserve requirements for premier certified lenders.
- Sec. 331. Certified development companies.
- Sec. 332. Conforming amendments.
- Sec. 333. Closing costs.
- Sec. 334. Definition of rural.
- Sec. 335. Regulations and effective date.
- Sec. 336. Low-income geographic areas.
- Sec. 337. Limitation on time for final approval of companies.

TITLE IV—DISASTER RESPONSE

Subtitle A—Private Disaster Loans

- Sec. 401. Private disaster loans.
- Sec. 402. Technical and conforming amendments.

Subtitle B—Disaster Relief and Reconstruction

- Sec. 421. Definition of disaster area.
- Sec. 422. Disaster loans to nonprofits.

- Sec. 423. Disaster loan amounts.
- Sec. 424. Small business development center portability grants.
- Sec. 425. Assistance to out-of-State businesses.
- Sec. 426. Outreach programs.
- Sec. 427. Small business bonding threshold.
- Sec. 428. Small business participation.
- Sec. 429. Emergency procurement authority.
- Sec. 430. Paperwork reciprocity for small disaster contractors.
- Sec. 431. Small business multiple award disaster contracts.
- Sec. 432. Contracting priority for local small businesses.
- Sec. 433. Termination of program.
- Sec. 434. Increasing collateral requirements.

Subtitle C—Disaster Response

- Sec. 451. Definitions.
- Sec. 452. State bridge loan guarantee.
- Sec. 453. Catastrophic national disasters.
- Sec. 454. Public awareness of disaster declaration and application periods.
- Sec. 455. Consistency between Administration regulations and standard operating procedures.
- Sec. 456. Processing disaster loans.
- Sec. 457. Development and implementation of major disaster response plan.
- Sec. 458. Congressional oversight.

Subtitle D—Energy Emergencies

- Sec. 471. Findings.
- Sec. 472. Small business energy emergency disaster loan program.
- Sec. 473. Agricultural producer emergency loans.
- Sec. 474. Guidelines and rulemaking.
- Sec. 475. Reports.

TITLE V—VETERANS AND MEMBERS OF THE GUARD AND RESERVE

- Sec. 501. Definitions.

Subtitle A—Veterans

- Sec. 521. Findings.
- Sec. 522. Increased funding for the Office of Veterans Business Development.
- Sec. 523. Extension of Advisory Committee on Veterans Business Affairs.
- Sec. 524. Relief from time limitations for veteran-owned small businesses.

Subtitle B—Guard and Reserve

- Sec. 541. Guard and Reserve loans.
- Sec. 542. Study of insurance program for members of the Guard and Reserve.
- Sec. 543. Grant assistance for military Reservists' small business concerns.

Subtitle C—Veterans Corporation

- Sec. 561. Purposes of the Corporation.
- Sec. 562. Management of the Corporation.
- Sec. 563. Timing of transfer of Advisory Committee duties.
- Sec. 564. Authorization of appropriations.
- Sec. 565. Privatization.

TITLE VI—ENERGY LOANS FOR SMALL BUSINESS CONCERNS

Sec. 601. Express loans for renewable energy and energy efficiency.

TITLE VII—HEALTH INSURANCE

Sec. 701. Purpose.

Sec. 702. Definitions.

Sec. 703. Small Business Health Insurance Information Pilot Program.

Sec. 704. Reports.

Sec. 705. Authorization of appropriations.

TITLE VIII—WOMEN'S SMALL BUSINESS OWNERSHIP PROGRAMS

Sec. 801. Office of Women's Business Ownership.

Sec. 802. Women's Business Center Program.

Sec. 803. National Women's Business Council.

Sec. 804. Interagency Committee on Women's Business Enterprise.

Sec. 805. Preserving the independence of the National Women's Business Council.

TITLE IX—INTERNATIONAL TRADE

Sec. 901. Small Business Administration Associate Administrator for International Trade.

Sec. 902. Office of International Trade.

Sec. 903. International trade loans.

TITLE X—CONTRACT BUNDLING

Sec. 1001. Presidential policy.

Sec. 1002. Leadership and oversight.

Sec. 1003. Removal of impediments to contract bundling database implementation.

TITLE XI—SUBCONTRACTING INTEGRITY

Sec. 1101. GAO recommendations on subcontracting misrepresentations.

Sec. 1102. Small business subcontracting bait-and-switch fraud.

Sec. 1103. Evaluating subcontracting participation.

Sec. 1104. Pilot program on direct payments to subcontractors.

Sec. 1105. Pilot program.

TITLE XII—SMALL BUSINESS PROCUREMENT PROGRAMS
IMPROVEMENT

Sec. 1201. Definitions.

Subtitle A—HUBZone Program

Sec. 1211. HUBZone reauthorization.

Sec. 1212. Equity for suburban HUBZones.

Subtitle B—Service-Disabled Veteran-Owned Small Business Program

Sec. 1221. Certification.

Sec. 1222. Temporary waiver.

Sec. 1223. Transition period for surviving spouses or permanent care givers.

Sec. 1224. Contracting authority.

Subtitle C—Women-Owned Small Business Program

- Sec. 1231. Implementation deadline.
- Sec. 1232. Certification.

Subtitle D—Small Disadvantaged Business Program

- Sec. 1241. Certification.
- Sec. 1242. Net worth threshold.

Subtitle E—BusinessLINC Program

- Sec. 1251. BusinessLINC Program.

TITLE XIII—ACQUISITION PROCESS

- Sec. 1301. Procurement improvements.
- Sec. 1302. Reservation of prime contract awards for small businesses.
- Sec. 1303. GAO study of reporting systems.
- Sec. 1304. Meeting small business goals.
- Sec. 1305. Micropurchase guidelines.
- Sec. 1306. Reporting on overseas contracts.
- Sec. 1307. Agency accountability.

TITLE XIV—SMALL BUSINESS SIZE AND STATUS INTEGRITY

- Sec. 1401. Policy and presumptions.
- Sec. 1402. Annual certification.
- Sec. 1403. SBA suspensions and debarments authority.
- Sec. 1404. Meaningful protests of small business size and status.
- Sec. 1405. Training for contracting and enforcement personnel.
- Sec. 1406. Protests of sole source awards.
- Sec. 1407. Small business size and status for purpose of multiple award contracts.
- Sec. 1408. Size standards development.
- Sec. 1409. Full-time employee equivalents.

TITLE XV—SMALL BUSINESS INNOVATION RESEARCH AND
SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAMS

- Sec. 1501. Definitions.
- Sec. 1502. Congressional findings and policy.

Subtitle A—Small Business Innovation Leadership

- Sec. 1511. Status of the SBA Office of Technology; National Advisory Board; transfer plan.

Subtitle B—Fair Access to Federal Innovations Investments

- Sec. 1521. Accuracy in funding base calculations; Comptroller General's audits.
- Sec. 1522. SBIR cap increase.
- Sec. 1523. STTR cap increase.
- Sec. 1524. Adjustments in SBIR and STTR award levels.
- Sec. 1525. Majority-venture investments in SBIR firms.

Subtitle C—Acquisition of Small Business Innovations

- Sec. 1531. National SBIR and STTR technology insertion goal; reporting requirements.
- Sec. 1532. Intellectual property protections for small business innovations.
- Sec. 1533. SBIR and STTR special acquisition preference.
- Sec. 1534. SBIR and STTR mentor-protégé programs.
- Sec. 1535. Subcontracting with Federal laboratories and research and development centers.
- Sec. 1536. Innovation commercialization pilot programs.
- Sec. 1537. Enforcement.

Subtitle D—Technical and Financial Assistance for Small Business Innovation

- Sec. 1541. Reauthorization and enhancement of State, local, and rural innovation assistance programs.
- Sec. 1542. Continued evaluation by the National Academy of Sciences.
- Sec. 1543. Phase II innovation development challenge pilot program.
- Sec. 1544. Encouraging innovation in energy efficiency.
- Sec. 1545. SBIR–STEM Workforce Development Grant Pilot Program.

Subtitle E—Implementation

- Sec. 1551. Conforming amendments to the SBIR and the STTR policy directives.

TITLE XVI—NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM

- Sec. 1601. Short title.
- Sec. 1602. Native American Small Business Development Program.
- Sec. 1603. Pilot programs.

TITLE XVII—NATIONAL SMALL BUSINESS REGULATORY ASSISTANCE

- Sec. 1701. Short title.
- Sec. 1702. Purpose.
- Sec. 1703. Small Business Regulatory Assistance Pilot Program.
- Sec. 1704. Rulemaking.

TITLE XVIII—INTERMEDIARY LENDING PILOT PROGRAM

- Sec. 1801. Short title.
- Sec. 1802. Findings.
- Sec. 1803. Small business intermediary lending pilot program.

TITLE XIX—OTHER PROVISIONS

- Sec. 1901. Compliance assistance.
- Sec. 1902. Appointment of officials.
- Sec. 1903. Second-stage Pilot Program.
- Sec. 1904. PRIME reauthorization and transfer to the Small Business Act.
- Sec. 1905. Child Care Lending Pilot Program.
- Sec. 1906. Study on the impact of the low documentation loan program.
- Sec. 1907. Enforcement Ombudsman.
- Sec. 1908. Minority entrepreneurship and innovation pilot program.
- Sec. 1909. Office of Native American Affairs pilot program.
- Sec. 1910. Institutions of higher education.

1 **SEC. 2. DEFINITIONS.**

2 In this Act—

3 (1) the terms “Administration” and “Adminis-
4 trator” mean the Small Business Administration
5 and the Administrator thereof, respectively;

6 (2) the term “small business concern” has the
7 same meaning as in section 3 of the Small Business
8 Act (15 U.S.C. 632); and

9 (3) the term “small business concern owned
10 and controlled by socially and economically disadvan-
11 tagged individuals” has the same meaning as in sec-
12 tion 8 of the Small Business Act (15 U.S.C. 637).

13 **TITLE I—REAUTHORIZATION OF**
14 **PROGRAMS**

15 **SEC. 101. REAUTHORIZATION OF PROGRAMS IN SMALL**
16 **BUSINESS ACT.**

17 The Small Business Act (15 U.S.C. 631 et seq.) is
18 amended—

19 (1) in section 7—

20 (A) in subsection (b)(1)(C), by striking
21 “fiscal years 2000 through 2004” and inserting
22 “fiscal years 2007 through 2009”; and

23 (B) in subsection (m)—

24 (i) in paragraph (4)(F)(ii), by striking
25 “not more than 20” and all that follows
26 through the period at the end and insert-

ing “not more than 30 grantees in each of
fiscal years 2007 through 2009, each of
whom may receive a grant under this sub-
paragraph in an amount not to exceed
\$200,000 per year.”; and

(ii) in paragraph (12), in the matter
preceding subparagraph (A), by striking
“during fiscal years 1998 through 2000”
and inserting “during fiscal years 2007
through 2009”;

(2) in section 9—

(A) by striking subsection (m);

(B) in subsection (n)(1), by striking
“through fiscal year 2009”; and

(C) in subsection (s)(2), by striking “fiscal
years 2000 through 2005” and inserting “fiscal
years 2007 through 2009”;

(3) in section 20, by striking subsections (d)
and (e) and inserting the following:

“(d) FISCAL YEAR 2007.—

“(1) PROGRAM LEVELS.—The following pro-
gram levels are authorized for fiscal year 2007:

“(A) For the programs authorized by this
Act, the Administration is authorized to
make—

1 “(i) \$80,000,000 in technical assist-
2 ance grants, as provided in section 7(m);
3 and

4 “(ii) \$110,000,000 in direct loans, as
5 provided in 7(m).

6 “(B) For the programs authorized by this
7 Act, the Administration is authorized to make
8 \$27,050,000,000 in deferred participation loans
9 and other financings, and of such sum, the Ad-
10 ministrator is authorized to make—

11 “(i) \$18,000,000,000 in general busi-
12 ness loans, as provided in section 7(a);

13 “(ii) \$8,500,000,000 in certified de-
14 velopment company financings, as provided
15 in section 7(a)(13) and as provided in sec-
16 tion 504 of the Small Business Investment
17 Act of 1958;

18 “(iii) \$500,000,000 in loans, as pro-
19 vided in section (7)(a)(21); and

20 “(iv) \$50,000,000 in loans, as pro-
21 vided in section 7(m).

22 “(C) For the programs authorized by title
23 III of the Small Business Investment Act of
24 1958, the Administrator is authorized to
25 make—

1 “(i) \$500,000,000 in purchases of
2 participating securities; and

3 “(ii) \$4,000,000,000 in guarantees of
4 debentures.

5 “(D) For the programs authorized by part
6 B of title IV of the Small Business Investment
7 Act of 1958, the Administrator is authorized to
8 enter into guarantees not to exceed
9 \$6,500,000,000, of which not more than 50
10 percent may be in bonds approved pursuant to
11 section 411(a)(3) of that Act.

12 “(E) The Administrator is authorized to
13 make grants or enter into cooperative agree-
14 ments for a total of \$7,000,000 for the Service
15 Corps of Retired Executives program author-
16 ized by section 8(b)(1).

17 “(2) ADDITIONAL AUTHORIZATIONS.—

18 “(A) IN GENERAL.—There are authorized
19 to be appropriated to the Administrator for fis-
20 cal year 2007, such sums as may be necessary
21 to carry out the provisions of this Act not else-
22 where provided for, including administrative ex-
23 penses and necessary loan capital for disaster
24 pursuant to section 7(b), and to carry out the

1 Small Business Investment Act of 1958, includ-
2 ing salaries and expenses of the Administration.

3 “(B) LIMITATIONS.—Notwithstanding any
4 other provision of this paragraph, for fiscal year
5 2007—

6 “(i) no funds are authorized to be
7 used as loan capital for the loan program
8 authorized by section 7(a)(21), except by
9 transfer from another Federal department
10 or agency to the Administration, unless the
11 program level authorized for general busi-
12 ness loans under paragraph (1)(B)(I) is
13 fully funded; and

14 “(ii) the Administration may not ap-
15 prove loans on its own behalf or on behalf
16 of any other Federal department or agen-
17 cy, by contract or otherwise, under terms
18 and conditions other than those specifically
19 authorized under this Act or the Small
20 Business Investment Act of 1958, except
21 that it may approve loans under section
22 7(a)(21) in gross amounts of not more
23 than \$2,000,000.

24 “(e) FISCAL YEAR 2008.—

1 “(1) PROGRAM LEVELS.—The following pro-
2 gram levels are authorized for fiscal year 2008:

3 “(A) For the programs authorized by this
4 Act, the Administration is authorized to
5 make—

6 “(i) \$80,000,000 in technical assist-
7 ance grants, as provided in section 7(m);
8 and

9 “(ii) \$110,000,000 in direct loans, as
10 provided in 7(m).

11 “(B) For the programs authorized by this
12 Act, the Administration is authorized to make
13 \$29,550,000,000 in deferred participation loans
14 and other financings, and of such sum, the Ad-
15 ministrator is authorized to make—

16 “(i) \$19,500,000,000 in general busi-
17 ness loans, as provided in section 7(a);

18 “(ii) \$9,500,000,000 in certified de-
19 velopment company financings, as provided
20 in section 7(a)(13) and as provided in sec-
21 tion 504 of the Small Business Investment
22 Act of 1958;

23 “(iii) \$500,000,000 in loans, as pro-
24 vided in section (7)(a)(21); and

1 “(iv) \$50,000,000 in loans, as pro-
2 vided in section 7(m).

3 “(C) For the programs authorized by title
4 III of the Small Business Investment Act of
5 1958, the Administrator is authorized to
6 make—

7 “(i) \$600,000,000 in purchases of
8 participating securities; and

9 “(ii) \$4,000,000,000 in guarantees of
10 debentures.

11 “(D) For the programs authorized by part
12 B of title IV of the Small Business Investment
13 Act of 1958, the Administrator is authorized to
14 enter into guarantees not to exceed
15 \$7,000,000,000, of which not more than 50
16 percent may be in bonds approved pursuant to
17 section 411(a)(3) of that Act.

18 “(E) The Administrator is authorized to
19 make grants or enter into cooperative agree-
20 ments for a total of \$8,000,000 for the Service
21 Corps of Retired Executives program author-
22 ized by section 8(b)(1).

23 “(2) ADDITIONAL AUTHORIZATIONS.—

24 “(A) IN GENERAL.—There are authorized
25 to be appropriated to the Administrator for fis-

1 cal year 2008, such sums as may be necessary
2 to carry out the provisions of this Act not else-
3 where provided for, including administrative ex-
4 penses and necessary loan capital for disaster
5 pursuant to section 7(b), and to carry out the
6 Small Business Investment Act of 1958, includ-
7 ing salaries and expenses of the Administration.

8 “(B) LIMITATIONS.—Notwithstanding any
9 other provision of this paragraph, for fiscal year
10 2008—

11 “(i) no funds are authorized to be
12 used as loan capital for the loan program
13 authorized by section 7(a)(21) except by
14 transfer from another Federal department
15 or agency to the Administration, unless the
16 program level authorized for general busi-
17 ness loans under paragraph (1)(B)(I) is
18 fully funded; and

19 “(ii) the Administration may not ap-
20 prove loans on its own behalf or on behalf
21 of any other Federal department or agen-
22 cy, by contract or otherwise, under terms
23 and conditions other than those specifically
24 authorized under this Act or the Small
25 Business Investment Act of 1958, except

1 that it may approve loans under section
2 7(a)(21) in gross amounts of not more
3 than \$2,000,000.

4 “(f) FISCAL YEAR 2009.—

5 “(1) PROGRAM LEVELS.—The following pro-
6 gram levels are authorized for fiscal year 2009:

7 “(A) For the programs authorized by this
8 Act, the Administration is authorized to
9 make—

10 “(i) \$80,000,000 in technical assist-
11 ance grants, as provided in section 7(m);
12 and

13 “(ii) \$110,000,000 in direct loans, as
14 provided in 7(m).

15 “(B) For the programs authorized by this
16 Act, the Administration is authorized to make
17 \$32,050,000,000 in deferred participation loans
18 and other financings, and of such sum, the Ad-
19 ministrator is authorized to make—

20 “(i) \$21,000,000,000 in general busi-
21 ness loans, as provided in section 7(a);

22 “(ii) \$10,500,000,000 in certified de-
23 velopment company financings, as provided
24 in section 7(a)(13) and as provided in sec-

tion 504 of the Small Business Investment
Act of 1958;

“(iii) \$500,000,000 in loans, as pro-
vided in section (7)(a)(21); and

“(iv) \$50,000,000 in loans, as pro-
vided in section 7(m).

“(C) For the programs authorized by title
III of the Small Business Investment Act of
1958, the Administrator is authorized to
make—

“(i) \$700,000,000 in purchases of
participating securities; and

“(ii) \$4,000,000,000 in guarantees of
debentures.

“(D) For the programs authorized by part
B of title IV of the Small Business Investment
Act of 1958, the Administrator is authorized to
enter into guarantees not to exceed
\$7,500,000,000, of which not more than 50
percent may be in bonds approved pursuant to
section 411(a)(3) of that Act.

“(E) The Administrator is authorized to
make grants or enter into cooperative agree-
ments for a total of \$9,000,000 for the Service

1 Corps of Retired Executives program author-
2 ized by section 8(b)(1).

3 “(2) ADDITIONAL AUTHORIZATIONS.—

4 “(A) IN GENERAL.—There are authorized
5 to be appropriated to the Administrator for fis-
6 cal year 2009, such sums as may be necessary
7 to carry out the provisions of this Act not else-
8 where provided for, including administrative ex-
9 penses and necessary loan capital for disaster
10 pursuant to section 7(b), and to carry out the
11 Small Business Investment Act of 1958, includ-
12 ing salaries and expenses of the Administration.

13 “(B) LIMITATIONS.—Notwithstanding any
14 other provision of this paragraph, for fiscal year
15 2009—

16 “(i) no funds are authorized to be
17 used as loan capital for the loan program
18 authorized by section 7(a)(21) except by
19 transfer from another Federal department
20 or agency to the Administration, unless the
21 program level authorized for general busi-
22 ness loans under paragraph (1)(B)(I) is
23 fully funded; and

24 “(ii) the Administration may not ap-
25 prove loans on its own behalf or on behalf

of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) in gross amounts of not more than \$2,000,000.”;

(4) in section 21—

(A) in subsection (a)(4)(C), by amending clause (vii) to read as follows:

“(vii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subparagraph—

“(I) \$135,000,000 for fiscal year 2007;

“(II) \$140,000,000 for fiscal year 2008; and

“(III) \$145,000,000 for fiscal year 2009.”; and

(B) in subsection (c)(3)(T), by striking “October 1, 2006” and inserting “October 1, 2009”;

(5) in section 27(g)—

1 (A) in paragraph (1), by striking “fiscal
2 years 2005 and 2006” and inserting “fiscal
3 years 2007 through 2009”; and

4 (B) in paragraph (2), by striking “fiscal
5 years 2005 and 2006” and inserting “fiscal
6 years 2007 through 2009”;

7 (6) in section 32(c), by striking “to carry out
8 this section” and all that follow through the period
9 at the end and inserting “to carry out this section,
10 \$2,000,000 for each of fiscal years 2007 through
11 2009.”; and

12 (7) in section 34(i), by striking “September 30,
13 2005” and inserting “September 30, 2009”.

14 **SEC. 102. OTHER REAUTHORIZATIONS.**

15 (a) NEW MARKETS VENTURE CAPITAL PROGRAM.—
16 Section 368(a) of the Small Business Investment Act of
17 1958 (15 U.S.C. 689q(a)) is amended, in the matter pre-
18 ceding paragraph (1), by striking “fiscal years 2001
19 through 2006” and inserting “fiscal years 2007 through
20 2009”.

21 (b) GIFT ACCEPTANCE AND COSPONSORSHIP AU-
22 THORITY.—Section 132(c) of the Small Business Reau-
23 thorization and Manufacturing Assistance Act of 2004 (15
24 U.S.C. 633 note) is amended by striking “October 1,
25 2006” and inserting “October 1, 2009”.

1 **SEC. 103. CONFORMING TECHNICAL CHANGE IN AVERAGE**
 2 **SMALLER LOAN SIZE.**

3 Section 7(m)(3)(F)(iii) of the Small Business Act (15
 4 U.S.C. 636(m)(3)(F)(iii)) is amended by striking
 5 “\$7,500” and inserting “\$10,000”.

6 **SEC. 104. ACCURATE SUBSIDY MODEL.**

7 Section 7(m) of the Small Business Act (15 U.S.C.
 8 636(m)) is amended by adding at the end the following:

9 “(14) IMPROVED SUBSIDY MODEL.—The Ad-
 10 ministrator shall develop a subsidy model for the
 11 microloan program under this subsection, to be used
 12 in the fiscal year 2008 budget, that is more accurate
 13 than the subsidy model in effect on the day before
 14 the date of enactment of this paragraph.”.

15 **SEC. 105. INCLUSION OF PERSONS WITH DISABILITIES.**

16 Section 7(m)(1)(A)(i) of the Small Business Act (15
 17 U.S.C. 636(m)(1)(A)(i)) is amended by inserting “persons
 18 with disabilities,” before “and minority”.

19 **TITLE II—NATIONAL PRE-**
 20 **FERRED LENDERS PROGRAM**

21 **SEC. 201. NATIONAL PREFERRED LENDERS PROGRAM.**

22 Section 7(a)(2) of the Small Business Act (15 U.S.C.
 23 636(a)(2)) is amended by adding at the end the following:

24 “(E) NATIONAL PREFERRED LENDERS
 25 PROGRAM.—

1 “(i) IN GENERAL.—The Administrator
2 shall establish a National Preferred Lend-
3 ers Program by regulation.

4 “(ii) EXISTING PREFERRED LEND-
5 ERS.—Any preferred lender authorized by
6 the Administrator to operate as a preferred
7 lender on a national basis prior to the date
8 of enactment of the Small Business Reau-
9 thorization and Improvements Act of 2006,
10 shall continue that status to the extent
11 that the lender continues to meet the
12 qualifications for preferred lender status
13 under this section.”.

14 **SEC. 202. MAXIMUM LOAN AMOUNT.**

15 Section 7(a)(3)(A) of the Small Business Act (15
16 U.S.C. 636(a)(3)(A)) is amended by striking “\$1,500,000
17 (or if the gross loan amount would exceed \$2,000,000”
18 and inserting “\$2,250,000 (or if the gross loan amount
19 would exceed \$3,000,000”.

20 **SEC. 203. ALTERNATIVE SIZE STANDARD.**

21 Section 3(a)(3) of the Small Business Act (15 U.S.C.
22 632(a)(3)) is amended—

23 (1) by striking “When establishing” and insert-
24 ing the following: “ESTABLISHMENT OF SIZE STAND-
25 ARDS.—

1 “(A) IN GENERAL.—When establishing”; and
2 (2) by adding at the end the following:

3 “(B) ALTERNATIVE SIZE STANDARD.—

4 “(i) IN GENERAL.—Not later than 180
5 days after the date of enactment of this sub-
6 paragraph, the Administrator shall establish an
7 alternative size standard under paragraph (2),
8 that shall be applicable to loan applicants under
9 section 7(a) of this Act or under title V of the
10 Small Business Investment Act of 1958 (15
11 U.S.C. 695 et seq.).

12 “(ii) CRITERIA.—The alternative size
13 standard established under clause (i) shall uti-
14 lize the maximum net worth and maximum net
15 income of the prospective borrower as an alter-
16 native to the use of industry standards.

17 “(iii) INTERIM RULE.—Until the Adminis-
18 trator establishes an alternative size standard
19 under clause (i), the Administrator shall use the
20 alternative size standard in section 121.301(b)
21 of title 13, Code of Federal Regulations, for
22 loan applicants under section 7(a) of this Act or
23 under title V of the Small Business Investment
24 Act of 1958 (15 U.S.C. 695 et seq.).”.

1 **SEC. 204. MINORITY SMALL BUSINESS DEVELOPMENT.**

2 (a) IN GENERAL.—The Small Business Act (15
3 U.S.C. 631 et seq.) is amended—

4 (1) by redesignating section 37 as section 41;
5 and

6 (2) by inserting after section 36 the following:

7 **“SEC. 37. MINORITY SMALL BUSINESS DEVELOPMENT.**

8 “(a) OFFICE OF MINORITY SMALL BUSINESS DE-
9 VELOPMENT.—There is established in the Administration
10 an Office of Minority Small Business Development, which
11 shall be administered by the Associate Administrator for
12 Minority Small Business Development (in this section re-
13 ferred to as the ‘Associate Administrator’) appointed
14 under section 4(b)(1).

15 “(b) ASSOCIATE ADMINISTRATOR FOR MINORITY
16 SMALL BUSINESS DEVELOPMENT.—The Associate Ad-
17 ministrator—

18 “(1) shall be either—

19 “(A) an appointee in the Senior Executive
20 Service who is a career appointee; or

21 “(B) an employee in the competitive serv-
22 ice;

23 “(2) shall be responsible for the formulation,
24 execution, and promotion of policies and programs of
25 the Administration that provide assistance to small

1 business concerns owned and controlled by minori-
2 ties;

3 “(3) shall act as an ombudsman for full consid-
4 eration of minorities in all programs of the Adminis-
5 tration (including those under section 7(j) and 8(a));

6 “(4) shall work with the Associate Deputy Ad-
7 ministrator for Capital Access to increase the pro-
8 portion of loans and loan dollars, and investments
9 and investment dollars, going to minorities through
10 the finance programs under this Act and the Small
11 Business Investment Act of 1958 (including sub-
12 sections (a), (b), and (m) of section 7 of this Act
13 and the programs under part A and B of title III
14 and title V of the Small Business Investment Act of
15 1958);

16 “(5) shall work with the Associate Deputy Ad-
17 ministrator for Entrepreneurial Development to in-
18 crease the proportion of counseling and training that
19 goes to minorities through the entrepreneurial devel-
20 opment programs of the Administration;

21 “(6) shall work with the Associate Deputy Ad-
22 ministrator for Government Contracting and Minor-
23 ity Enterprise Development to increase the propor-
24 tion of contracts, including through the Small Busi-
25 ness Innovation Research Program and the Small

1 Business Technology Transfer Program, to minori-
2 ties;

3 “(7) shall work with the partners of the Admin-
4 istration, trade associations, and business groups to
5 identify and carry out policies and procedures to
6 more effectively market the resources of the Admin-
7 istration to minorities;

8 “(8) shall work with the Office of Field Oper-
9 ations to ensure that district offices and regional of-
10 fices have adequate staff, funding, and other re-
11 sources to market the programs of the Administra-
12 tion to meet the objectives described in paragraphs
13 (4) through (7); and

14 “(9) shall report to and be responsible directly
15 to the Administrator.

16 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated to carry out this sec-
18 tion—

19 “(1) \$5,000,000 for fiscal year 2007;

20 “(2) \$5,000,000 for fiscal year 2008; and

21 “(3) \$5,000,000 for fiscal year 2009.”.

22 (b) CONFORMING AMENDMENTS.—Section 4(b)(1) of
23 the Small Business Act (15 U.S.C. 633(b)(1)) is amended
24 in sixth sentence, by striking “Minority Small Business
25 and Capital Ownership Development” and all that follows

1 through the end of the sentence and inserting “Minority
2 Small Business Development.”.

3 **SEC. 205. LOWERING OF FEES.**

4 Section 7(a)(23) of the Small Business Act (15
5 U.S.C. 636(a)(23)) is amended by striking subparagraph
6 (C) and inserting the following:

7 “(C) LOWERING OF FEES.—

8 “(i) IN GENERAL.—For loan guaran-
9 tees made or approved in each full fiscal
10 year after the date of enactment of the
11 Small Business Reauthorization and Im-
12 provements Act of 2006, if the fees paid by
13 all small business borrowers and by lenders
14 for guarantees under this subsection, or
15 the sum of such fees plus any funds made
16 available for the purpose of reducing fees
17 for loans under this subsection, as applica-
18 ble, is more than the amount necessary to
19 equal the cost to the Administration of
20 making such guarantees, the Administrator
21 shall reduce fees paid by small business
22 borrowers and lenders under clauses (i)
23 through (iv) of paragraph (18)(A) and
24 subparagraph (A) of this paragraph.

“(ii) MAXIMUM.—The fees paid by small business borrowers and lenders for guarantees under this subsection may not be increased above the maximum level authorized under the amendments made by division K of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3441).”.

TITLE III—SMALL BUSINESS INVESTMENT ACT OF 1958 Subtitle A—Debentures and Securities

SEC. 301. PARTICIPATING DEBENTURE COMPANIES.

Part A of title III of the Small Business Investment Act of 1958 (15 U.S.C. 681 et seq.) is amended by adding at the end the following:

“SEC. 321. PARTICIPATING DEBENTURE COMPANIES.

“(a) DEFINITIONS.—In this section:

“(1) EQUITY CAPITAL.—In this paragraph, the term ‘equity capital’ means common or preferred stock or a similar instrument, including subordinated debt with equity features which is not amortized and which provides for interest payments from appropriate sources, as determined by the Administrator.

1 “(2) GENERAL PARTNER.—The term ‘general
2 partner’ means an investor in a small business in-
3 vestment company that participates in the daily
4 management of the small business investment com-
5 pany, and may include a managing partner in a lim-
6 ited liability company.

7 “(3) GROSS RECEIPTS.—The term ‘gross re-
8 ceipts’ means any cash received by a small business
9 investment company, including investment proceeds
10 (both return of capital and profit), interest, divi-
11 dends, and fees, other than capital contributed by a
12 partner, the proceeds of the issuance of participating
13 debentures, and other money (if any) borrowed by
14 the small business investment company.

15 “(4) INTERIM FUNDING PROVIDER.—The term
16 ‘interim funding provider’ means any entity that
17 provides funding guaranteed by the Administrator to
18 a licensed company in between the periodic pools
19 created by any trustee.

20 “(5) LICENSED COMPANY.—The term ‘licensed
21 company’ means a small business investment com-
22 pany authorized to issue participating debentures by
23 a license issued under section 301 for that purpose.

24 “(6) LIMITED PARTNER.—The term ‘limited
25 partner’ means an investor in a small business in-

1 vestment company, other than the Administrator,
2 that does not participate in the daily management of
3 the small business investment company.

4 “(7) PARTICIPATING DEBENTURE.—The term
5 ‘participating debenture’ means a debt security that
6 is—

7 “(A) in a form prescribed by the Adminis-
8 trator that obligates the issuing company to
9 pay—

10 “(i) on the seventh anniversary of the
11 date of issuance of the debenture, all ac-
12 crued interest on that debenture that has
13 not previously been paid;

14 “(ii) semiannually thereafter, interest
15 accruing after the seventh anniversary of
16 the date of issuance of the debenture; and

17 “(iii) any other amount required by
18 this section; and

19 “(B) is subject to the terms and conditions
20 set forth in this section and to any additional
21 terms and conditions as may be prescribed by
22 the Administrator that are consistent with this
23 subsection.

24 “(8) PRIVATE COLLATERAL.—The term ‘private
25 collateral’ means any money that any private part-

ner has contractually committed to invest in a licensed company during the most recent licensing of the licensed company, but that has not yet been paid to the licensed company.

“(9) TRUSTEE.—The term ‘trustee’ means an entity that combines any securities, interests, or obligations from licensed companies in the participating debenture program under subsection (b) into pools and issues trust certificates.

“(10) TRUST CERTIFICATE.—The term ‘trust certificate’ means a certificate issued by the trustee that represents an interest in a particular pool of any securities, interests, or obligations from licensed companies in the participating debenture program.

“(11) TRUST CERTIFICATE HOLDER.—The term ‘trust certificate holder’ means an investor that purchases a trust certificate.

“(b) PARTICIPATING DEBENTURES PROGRAM.—

“(1) GUARANTEE OF PARTICIPATING DEBENTURES.—

“(A) REDEMPTION PRICE AND INTEREST.—The Administrator may guarantee the payment of the redemption price and interest on a participating debenture issued by a licensed company to the interim funding provider

1 under such terms and conditions as the Admin-
 2 istrator shall establish, by regulation.

3 “(B) REPAYMENT IN DEFAULT.—The Ad-
 4 ministrator may guarantee the repayment to
 5 the interim funding provider in the event of a
 6 default by a licensed company of the funds ad-
 7 vanced by the interim funding provider to the
 8 licensed company under the agreement between
 9 the Administrator and the licensed company,
 10 under such terms and conditions as the Admin-
 11 istrator shall establish, by regulation.

12 “(C) TRUST CERTIFICATES.—The Admin-
 13 istrator may guarantee the payment of the re-
 14 demption price and interest on a trust certifi-
 15 cate issued by the trustee to the trust certifi-
 16 cate holders under such terms and conditions as
 17 the Administrator shall establish, by regulation.

18 “(2) GUARANTEE FEE.—The Administrator
 19 may charge a separate fee—

20 “(A) under paragraph (1)(A), to the in-
 21 terim funding provider;

22 “(B) under paragraph (1)(B), to the li-
 23 censed company; and

24 “(C) under paragraph (1)(C), to the trust-
 25 ee.

1 “(3) ZERO-SUBSIDY.—Each of the fees author-
 2 ized under paragraph (2) shall, when added to other
 3 fees, be sufficient to reduce to zero the cost (as de-
 4 fined in section 502 of the Federal Credit Reform
 5 Act of 1990 (2 U.S.C. 661a)) of each corresponding
 6 guarantee in paragraph (1).

7 “(4) MATCHING PAYMENT STREAMS.—With re-
 8 spect to any participating debenture issued by a li-
 9 censed company, or with respect to any security
 10 issued representing an interest in a pool of such se-
 11 curities, the amount and schedule of—

12 “(A) the interest payment obligations of
 13 the Administrator to the trust certificate hold-
 14 ers shall be equal to the amount and schedule
 15 of the interest obligations of the licensed com-
 16 pany to the trust certificate holders; and

17 “(B) the principal redemption obligations
 18 of the Administrator to the trust certificate
 19 holders shall be equal to the amount and sched-
 20 ule of the licensed company’s principal redemp-
 21 tion obligations to the trust certificate holders.

22 “(5) INTEREST TO INTERIM FUNDING PRO-
 23 VIDER.—

24 “(A) RIGHT TO RECEIVE INTEREST.—For
 25 the advancing of monies to a licensed company

1 under the license of that company, the interim
2 funding provider shall have the right to receive
3 interest from the licensed company.

4 “(B) AMOUNTS.—The interest authorized
5 under subparagraph (A) shall be calculated
6 based on the time period beginning on the date
7 on which the interim funding provider advances
8 the funding, and ending on the date on which
9 the interim funding provider provides the secu-
10 rities of the licensed company to a trustee for
11 the purpose of pooling those securities and sell-
12 ing interests in that pool.

13 “(C) COLLECTION OF INTEREST.—The in-
14 terim funding provider may collect interest re-
15 ferred to in this paragraph by withholding
16 money from the money advanced to the licensed
17 company by the interim funding provider.

18 “(6) MAXIMUM LEVERAGE.—Notwithstanding
19 any other provision of this subsection, the Adminis-
20 trator may not guarantee a new participating deben-
21 ture to be issued by a small business investment
22 company, and the company shall not make any dis-
23 tribution to its private investors, if immediately after
24 such issuance or distribution the aggregate unpaid
25 principal balance of the participating debentures

1 issued by the company would exceed 100 percent of
2 the leverageable capital of the licensed company.

3 “(7) PURCHASE OF PARTICIPATING DEBEN-
4 TURES.—The Administrator may authorize a trust
5 or pool acting on behalf of the Administrator to pur-
6 chase participating debentures issued by a small
7 business investment company, under such terms and
8 conditions as the Administrator shall establish, by
9 regulation.

10 “(8) REDEMPTION.—Not later than 10 years
11 after the date on which it is issued, a participating
12 debenture shall be redeemed for an amount equal to
13 its outstanding principal balance plus any accrued
14 but unpaid interest on such participating debenture
15 as of the date on which it is redeemed.

16 “(9) INTEREST.—

17 “(A) IN GENERAL.—For purposes of this
18 subparagraph, interest on a participating de-
19 benture—

20 “(i) is preferred and cumulative;

21 “(ii) is prepayable out of any gross re-
22 cepts available for distribution; and

23 “(iii) in any event, is payable at the
24 scheduled or accelerated maturity of the
25 participating debenture.

1 “(B) INTEREST ON PRINCIPAL BAL-
2 ANCE.—Interest on the principal balance out-
3 standing of a participating debenture shall ac-
4 crue on a daily basis, and unpaid accrued inter-
5 est shall compound semiannually from the date
6 of issuance of the debenture, at a rate deter-
7 mined by the Secretary of the Treasury, taking
8 into consideration the current average market
9 yield on outstanding marketable obligations of
10 the United States with remaining periods to
11 maturity comparable to the average maturities
12 on such securities, adjusted to the nearest $\frac{1}{8}$ of
13 1 percent, plus an additional charge, in an
14 amount established annually by the Adminis-
15 trator, as necessary, when added to other fees,
16 to reduce to zero the cost (as defined in section
17 502 of the Federal Credit Reform Act of 1990
18 (2 U.S.C. 661a)) to the Administration of pur-
19 chasing and guaranteeing participating deben-
20 tures under this subsection, which may not ex-
21 ceed 1.5 percent per annum, and which shall be
22 paid to and retained by the Administration.

23 “(10) PAYMENT DEFAULTS.—

24 “(A) IN GENERAL.—In the event of a fail-
25 ure of a small business investment company to

1 pay any principal or interest on a participating
2 debenture when due (including any mandatory
3 prepayment out of gross receipts), the licensed
4 company shall be in default, and shall be sub-
5 ject to the provisions of subparagraphs (B)
6 through (D).

7 “(B) ACCELERATION.—The Administrator,
8 in addition to any other remedies, may demand
9 immediate payment of the principal balance and
10 accrued interest on any or all participating de-
11 bentures issued by the defaulting company.

12 “(C) DEFAULT RATE OF INTEREST.—The
13 interest rate on the participating debenture
14 with respect to which the payment default oc-
15 curred may increase, at the discretion of the
16 Administrator, by not greater than 50 basis
17 points from the date of the payment default,
18 and by not greater than an additional 50 basis
19 points on each 6-month anniversary of that
20 date, up to a maximum total increase of 300
21 basis points, until all of the payment defaults of
22 the defaulting company have been cured or
23 waived.

24 “(D) PRIVATE COLLATERAL.—The Admin-
25 istrator may apply the private collateral of the

1 licensed company to pay any interest or prin-
2 cipal payment that has not been paid on time
3 according to the payment schedule for the li-
4 censed company.

5 “(11) LIQUIDATION OF LICENSED COMPANY.—

6 In the event of the liquidation of a licensed company
7 issuing participating debentures under this sub-
8 section, a participating debenture shall be senior in
9 priority for all purposes to any interest in the
10 issuing company, whenever created. In liquidation,
11 the private collateral of the licensed company may,
12 at the option of the Administrator, be applied to pay
13 accrued interest and principal of outstanding partici-
14 pating debentures.

15 “(12) DEFAULT OF A LICENSED COMPANY.—In
16 the event of the default of a licensed company
17 issuing participating debentures under this sub-
18 section—

19 “(A) a participating debenture shall be
20 senior in priority for all purposes to any inter-
21 est in the issuing company, whenever created;
22 and

23 “(B) at the option of the Administrator,
24 the private collateral of the licensed company
25 may be applied to pay accrued interest and

1 principal on outstanding participating debentures.
2

3 “(13) INVESTMENT OBLIGATION.—Any company
4 issuing a participating debenture under this
5 subsection shall invest or commit to invest an
6 amount equal to the outstanding face value of such
7 participating debenture solely in equity capital.

8 “(14) OTHER DEBT.—A licensed company
9 issuing a participating debenture under this sub-
10 section shall have no debt other than leverage ob-
11 tained in accordance with this Act, and temporary
12 debt in an amount equal to not more than 50 per-
13 cent of the private capital of the company.

14 “(15) USE OF PROCEEDS.—Unless otherwise
15 determined by the Administrator, a licensed com-
16 pany may use the proceeds of a participating debenture
17 issued by the company to pay the principal
18 amount and accrued interest due on outstanding
19 participating debentures issued by that company, if
20 the company has outstanding equity capital invested
21 in an amount equal to the amount being refinanced.

22 “(16) DISTRIBUTION OF GROSS RECEIPTS.—

23 “(A) IN GENERAL.—Except as otherwise
24 provided in this subsection, gross receipts, from
25 any source or however categorized for generally

accepted accounting principles or tax accounting purposes, shall be utilized first for the payment of accrued interest on participating debentures, then for repayment of participating debenture principal and contributed private capital, and finally for profit distributions, as provided in subparagraphs (B) through (G).

“(B) PAST DUE INTEREST AND PRINCIPAL.—Gross receipts shall first be used, within 10 days of receipt—

“(i) to pay any past due interest on participating debentures issued by the licensed company; and

“(ii) when there is no past due interest outstanding, to repay any past due principal on such debentures (whether such interest and principal are past due by their terms or by acceleration).

“(C) MANDATORY INTEREST PREPAYMENT.—If no unpaid accrued interest or past due principal is outstanding on any participating debenture issued by a licensed company, the company shall use its gross receipts, not later than the end of the calendar quarter in which they were received (or the following cal-

1 endar quarter, if received within 15 days before
2 the end of a calendar quarter) to prepay ac-
3 crued interest on the participating debentures
4 issued by the company, which prepayments will
5 be applied to such accrued interest in the order
6 in which such interest would otherwise become
7 due and payable.

8 “(D) AMORTIZATION DISTRIBUTIONS.—

9 “(i) IN GENERAL.—Except as pro-
10 vided in paragraph (17), if no unpaid ac-
11 crued interest or past due principal is out-
12 standing on any participating debenture
13 issued by a licensed company, the company
14 shall distribute its gross receipts—

15 “(I) to the Administration to am-
16 ortize outstanding participating de-
17 benture leverage; and

18 “(II) to its private investors.

19 “(ii) PRO RATA DISTRIBUTION.—A
20 distribution under clause (i) shall be pro
21 rata according to the ratio of outstanding
22 participating debenture leverage to out-
23 standing leverageable capital at the time of
24 distribution.

1 “(E) POST-AMORTIZATION DISTRIBUTIONS.—If no accrued interest or principal is
 2 outstanding on any participating debenture
 3 issued by a licensed company, and the company
 4 has no outstanding leverageable capital, the
 5 gross receipts of the company—
 6

7 “(i) shall be distributed to the Admin-
 8 istration in an amount equal to the profit
 9 participation percentage of the total
 10 amount being distributed, with the remain-
 11 ing gross receipts distributed to the private
 12 investors; and

13 “(ii) in the case of any post-amortiza-
 14 tion distributions to the Administration
 15 under this subparagraph, shall be deemed
 16 to constitute ‘additional’ interest (not ‘ac-
 17 crued’ interest).

18 “(F) MANAGEMENT EXPENSES.—For pur-
 19 poses of calculating the amount to be distrib-
 20 uted to the Administration under subparagraph
 21 (E), except as otherwise prescribed by the Ad-
 22 ministration, the management expenses of any
 23 company which issues participating debentures
 24 under this subsection shall not be greater than
 25 2.5 percent of the combined capital of the com-

pany per year, plus, in the case of a company with combined capital of less than \$20,000,000, an additional \$125,000.

“(G) DEFINITIONS.—In this paragraph—

“(i) the term ‘combined capital’ means the aggregate amount of private capital and outstanding leverage;

“(ii) the term ‘profit participation percentage’ means 50 percent of the leverage ratio, reduced by the weighted average interest rate on the financing commitments issued by the company;

“(iii) the term ‘leverage ratio’ means the ratio of the aggregate amount of financing commitment leverage previously drawn by the company (including leverage that has been repaid, and not solely the maximum amount at any one time outstanding, if different) to the aggregate amount of capital previously contributed to the company by private investors (not solely the maximum amount at any one time outstanding, if different);

“(iv) the term ‘management expenses’ includes management fees and any addi-

1 tional salaries, office expenses, travel, busi-
 2 ness development costs, office and equip-
 3 ment rental, bookkeeping, and the develop-
 4 ment, investigation, and monitoring of in-
 5 vestments paid by the licensed company,
 6 but does not include the cost of services
 7 provided by specialized outside consultants,
 8 outside lawyers, and outside auditors, who
 9 perform services not generally expected of
 10 a venture capital company nor does such
 11 term include the cost of services provided
 12 by any affiliate of the company which are
 13 not part of the normal process of making
 14 and monitoring venture capital invest-
 15 ments; and

16 “(v) the term ‘outstanding
 17 leverageable capital’ means any aggregate
 18 capital contributions received by a licensed
 19 company from private investors which ex-
 20 ceed aggregate distributions received by
 21 the private investors from the company.

22 “(17) EXCEPTIONS TO ORDER OF DISTRIBUTI-
 23 TIONS.—

24 “(A) IN GENERAL.—Notwithstanding para-
 25 graph (16)(D), if no unpaid accrued interest

(whether or not past due) and no past due principal is outstanding on any participating debenture issued by the licensed company, subparagraph (B) through (D) of this paragraph shall apply.

“(B) TAX DISTRIBUTIONS.—

“(i) IN GENERAL.—The company may make a special distribution of gross receipts or other cash to its private investors without a corresponding distribution to the Administration while principal is outstanding on participating debentures issued by the company, if—

“(I) the licensed company has an investment in a business (referred to in this subparagraph as the ‘portfolio company’) organized as a limited liability company (referred to in this subparagraph as an ‘LLC’) or as a partnership;

“(II) the portfolio company has income which will be taxable to its members or partners;

“(III) the portfolio company makes a distribution to its members

1 or partners in an amount equal to
2 their assumed tax liability on the
3 portfolio company's taxable income
4 (referred to in this subparagraph as a
5 'tax distribution'); or

6 “(IV) the small business invest-
7 ment company is itself a partnership
8 or an LLC, so that any portfolio com-
9 pany income allocated to it is reallo-
10 cated to the private investors, and it
11 is those private investors who are lia-
12 ble for payment of tax on that income
13 as if it was their own income, whether
14 or not they receive any cash in respect
15 of that income.

16 “(ii) AUTHORITY TO MAKE DISTRIBUTION.—In circumstances described in
17 clause (i), the issuing company may, quar-
18 terly, distribute to its private investors up
19 to an amount equal to the difference be-
20 tween—

22 “(I) the estimated aggregate
23 maximum tax liability of the private
24 investors on the income of portfolio
25 companies organized as LLCs or part-

nerships during the preceding calendar year; and

“(II) the aggregate amount distributed to the private investors (other than under this subparagraph) since April 15 of the preceding calendar year, but in no event more than the aggregate amount of tax distributions that the issuing company received from all of its portfolio companies during the preceding calendar year.

“(C) EXPENSES.—A small business investment company may use its gross receipts to pay previously incurred expenses (including management fees) and other liabilities and it may, in addition, retain additional gross receipts in an expense reserve account in an amount which, added to any existing expense reserve, does not exceed such reasonably anticipated expenses and other liabilities for the following 12-month period, provided such expenses and other liabilities are not prohibited under regulations established by the Administrator or other applicable law.

1 “(D) PREPAYMENT.—Subject to any appli-
2 cable State law requirements, a small business
3 investment company may use gross receipts or
4 other cash to prepay outstanding participating
5 debenture leverage and interest in whole or in
6 part without penalty at any time.

7 “(18) RESTRICTIONS ON DISTRIBUTIONS.—

8 “(A) LIQUIDITY AND OTHER ADMINISTRA-
9 TIVE OR STATE LAW RESTRICTIONS.—A dis-
10 tribution under this subsection may not violate
11 liquidity requirements or other applicable re-
12 strictions on distributions in regulations issued
13 by the Administrator or under applicable State
14 law.

15 “(B) CAPITAL IMPAIRMENT OR REGU-
16 LATORY VIOLATION.—If a small business invest-
17 ment company is in restricted operations or liq-
18 uidation by reason of capital impairment or reg-
19 ulatory violation, the maturity date of the par-
20 ticipating debentures issued by that company,
21 including both principal and accrued interest, is
22 subject to acceleration at the option of the Ad-
23 ministrator, and, regardless of whether there
24 has been such an acceleration, not more than
25 100 percent of all gross receipts and the private

collateral of the licensed company may, at the option of the Administrator, be required to be distributed to the Administration until accrued interest and principal on the participating debentures issued by the company have been paid in full, in accordance with any terms and conditions that the Administrator may establish by regulation.

“(19) DISTRIBUTIONS IN-KIND.—

“(A) ELECTION OF IN-KIND DISTRIBUTION OF SECURITIES.—

“(i) IN GENERAL.—A small business investment company that issues participating debentures, has no accrual but unpaid interest, and has no outstanding leverage, may elect to make an in-kind distribution of securities at any time, subject to applicable securities laws and regulations, if such securities are publicly traded and marketable (referred to in this subsection as ‘marketable securities’).

“(ii) GROSS RECEIPTS.—Marketable securities distributed in-kind shall be deemed to be gross receipts for purposes of this subsection, and their distribution shall

1 be subject to the priorities and restrictions
2 applicable to gross receipts under this sub-
3 section and to applicable regulations issued
4 by the Administrator.

5 “(B) TREATMENT OF ADMINISTRATION
6 SHARE.—The licensed company shall either de-
7 posit the Administration share of such securi-
8 ties with a trustee designated by the Adminis-
9 trator, or retain the Administration share, if
10 the Administrator so directs and with the
11 agreement of the company.

12 “(C) RETENTION OF ADMINISTRATION
13 SHARE.—If the company retains the Adminis-
14 tration share, it shall sell such share and
15 promptly remit the proceeds to the Administra-
16 tion.

17 “(D) VALUE OF ADMINISTRATION’S
18 SHARE.—For purposes of this paragraph—

19 “(i) the value of the Administration
20 share is the value of the securities, as of
21 the date of distribution to the Administra-
22 tion under subparagraph (B), or as of the
23 initial date of retention under subpara-
24 graph (C); and

1 “(ii) the Administration may receive a
 2 greater or lesser amount upon its ultimate
 3 sale of such share or upon the ultimate
 4 sale by the company of such share on be-
 5 half of the Administration.

6 “(20) TIMING OF DISTRIBUTIONS.—

7 “(A) IN GENERAL.—Except as provided in
 8 subparagraph (B), and subject to paragraphs
 9 (15) and (17), any gross receipts received by a
 10 small business investment company issuing par-
 11 ticipating debentures under this subsection that
 12 are not placed in an expense reserve under
 13 paragraph (17)(C) shall be distributed not later
 14 than the last day of the fiscal quarter in which
 15 such gross receipts were received by the com-
 16 pany.

17 “(B) EXCEPTIONS TO TIMING OF DIS-
 18 TRIBUTIONS.—

19 “(i) END OF QUARTER.—Gross re-
 20 ceipts received within 15 days before the
 21 end of a fiscal quarter shall be distributed
 22 by the last day of the subsequent fiscal
 23 quarter.

24 “(ii) MARKETABLE SECURITIES.—
 25 Gross receipts consisting of marketable se-

1 curities shall be distributed within 6
2 months of the date of receipt, unless the
3 small business investment company has ob-
4 tained the prior consent of the Adminis-
5 trator.

6 “(21) REINVESTMENT OF GROSS RECEIPTS.—
7 Subject to such regulations and restrictions as may
8 be prescribed by the Administrator, and by the
9 agreement of the private investors in a small busi-
10 ness investment company, any gross receipts that ex-
11 ceed the amount needed to make payments required
12 to be made to the Administration under this sub-
13 section, may at the option of the company be rein-
14 vested in qualified small business concerns.

15 “(c) MAXIMUM.—Participating debentures guaran-
16 teed under this section may not exceed 100 percent of the
17 regulatory capital of the licensed company, as determined
18 by the Administrator.

19 “(d) POST-DISTRIBUTION COMPUTATION.—After
20 distributions have been made under this section, the Ad-
21 ministration share of such distributions shall not be re-
22 duced or recomputed.

23 “(e) NO OWNERSHIP INTEREST TO ADMINISTRA-
24 TION.—This section shall not be construed as creating in
25 the Administration any ownership interest in any small

1 business investment company which issues participating
2 debentures.

3 “(f) CONFLICT WITH OTHER PROVISIONS.—

4 “(1) IN GENERAL.—In the event of a conflict
5 between this subsection and any other provision of
6 this part, this subsection shall apply.

7 “(2) SPECIFIC PROVISIONS.—The provisions of
8 this section supersede subsections (g) and (h) of sec-
9 tion 303 in their entirety with respect to all matters
10 pertaining to participating debentures issued by a li-
11 censed company covered by this section.”.

12 **SEC. 302. PARTICIPATING SECURITIES.**

13 Section 20(a) of the Small Business Act (15 U.S.C.
14 631 note) is amended—

15 (1) in paragraph (2), by striking “Subject to
16 approval in appropriations Acts,” and inserting “Ex-
17 cept as provided in paragraph (5), and subject to
18 approval in appropriations Acts,”; and

19 (2) by adding at the end the following:

20 “(5) PARTICIPATING SECURITIES.—

21 “(A) DEFINITIONS.—In this paragraph—

22 “(i) the term ‘applicable 60-day period’
23 means the 60-day period ending on the date on
24 which the commitment made by the Adminis-

1 trator for a covered participating security ex-
2 pires;

3 “(ii) the term ‘covered participating secu-
4 rity’ means a participating security under title
5 III of the Small Business Investment Act of
6 1958—

7 “(I) that was obligated in fiscal year
8 2002, 2003, or 2004, under a commitment
9 made by the Administrator; and

10 “(II) on the date that is 60 days prior
11 to the date on which such commitment ex-
12 pires, for which the Administrator has not
13 disbursed all of the funds committed; and

14 “(iii) the term ‘small business investment
15 company’ has the same meaning as in section
16 103 of the Small Business Investment Act of
17 1958.

18 “(B) DISBURSAL OF FUNDS.—Notwithstanding
19 any other provision of law, and subject to subpara-
20 graph (C), during the applicable 60-day period, the
21 Administrator shall, upon request, disburse funds to
22 a small business investment company for a covered
23 participating security, up to the full amount com-
24 mitted by the Administrator, but not disbursed to
25 the company.

1 “(C) CONDITIONS.—A small business invest-
2 ment company receiving funds under subparagraph
3 (B) shall—

4 “(i) be in compliance with all regulations
5 under title III of the Small Business Invest-
6 ment Act of 1958, relating to small business in-
7 vestment companies;

8 “(ii) pay a fee to the Administrator (in ad-
9 dition to any other applicable fee) in an amount
10 equal to 0.5 percent of any funds disbursed
11 under subparagraph (B); and

12 “(iii) deposit any funds disbursed under
13 subparagraph (B) that are not reasonably re-
14 quired for imminent investment purposes, as
15 determined by the Administrator, in an interest
16 bearing account approved by the Administrator.

17 “(D) WITHDRAWAL OF FUNDS.—

18 “(i) IN GENERAL.—Funds deposited under
19 subparagraph (C)(iii) may not be withdrawn
20 without the prior approval of the Administrator.

21 “(ii) CRITERIA.—The Administrator shall
22 grant approval for a withdrawal under clause
23 (i) in accordance with the same criteria applica-
24 ble to the disbursement of funds for a participating

1 security under title III of the Small Business
2 Investment Act of 1958.”.

3 **Subtitle B—Development**
4 **Companies**

5 **SEC. 321. DEVELOPMENT COMPANY LOAN PROGRAMS.**

6 (a) TITLE OF PROGRAM.—Title V of the Small Busi-
7 ness Investment Act of 1958 (15 U.S.C. 695 et seq.) is
8 amended by adding at the end the following:

9 **“SEC. 511. PROGRAM TITLE.**

10 “(a) IN GENERAL.—Except as provided in subsection
11 (b), the programs authorized by this title shall be known
12 collectively as the ‘Local Development Business Loan Pro-
13 gram’. The Administrator may refer to such program as
14 the ‘504 Loan Program’, until such usage is no longer
15 necessary.

16 “(b) EXISTING NAME.—Participants in the Local
17 Development Business Loan Program may continue to
18 refer to such program as ‘the 504 loan program’.”.

19 (b) EXISTING MATERIALS.—The Administrator may
20 use informational materials created, or that were in the
21 process of being created, before the date of enactment of
22 this Act that do not refer to a program under title V of
23 the Small Business Investment Act of 1958 (15 U.S.C.
24 695 et seq.) as the “Local Development Business Loan
25 Program”.

1 (c) NEW MATERIALS.—Any informational materials
 2 created by the Administrator on or after the date of enact-
 3 ment of this Act shall refer to any program under title
 4 V of the Small Business Investment Act of 1958 (15
 5 U.S.C. 695 et seq.) as the “Local Development Business
 6 Loan Program”, except that informational materials may
 7 refer to such program as the “504 Loan Program”, until
 8 such usage is no longer necessary.

9 **SEC. 322. LOAN LIQUIDATIONS.**

10 Section 510 of the Small Business Investment Act
 11 of 1958 (15 U.S.C. 697g) is amended—

12 (1) by redesignating subsection (e) as sub-
 13 section (g); and

14 (2) by inserting after subsection (d) the fol-
 15 lowing:

16 “(e) PARTICIPATION.—

17 “(1) IN GENERAL.—Any qualified State or local
 18 development company which elects not to apply for
 19 authority to foreclose and liquidate defaulted loans
 20 under this section, or which the Administrator deter-
 21 mines to be ineligible for such authority, shall con-
 22 tract with a qualified third-party to perform fore-
 23 closure and liquidation of defaulted loans in its port-
 24 folio. The contract shall be contingent upon approval
 25 by the Administrator with respect to the qualifica-

tions of the contractor and the terms and conditions of liquidation activities.

“(2) COMMENCEMENT.—This subsection does not require any development company to liquidate defaulted loans until the Administrator has adopted and implemented a program to compensate and reimburse development companies, as provided under subsection (f).

“(f) COMPENSATION AND REIMBURSEMENT.—

“(1) REIMBURSEMENT OF EXPENSES.—The Administrator shall reimburse each qualified State or local development company for all expenses paid by such company as part of the foreclosure and liquidation activities, if the expenses—

“(A) were approved in advance by the Administrator, either specifically or generally; or

“(B) were incurred by the development company on an emergency basis without prior approval from the Administrator, if the Administrator determines that the expenses were reasonable and appropriate.

“(2) COMPENSATION FOR RESULTS.—

“(A) DEVELOPMENT.—The Administrator shall develop a schedule to compensate and provide an incentive to qualified State or local de-

1 velopment companies that foreclose and liq-
2 uidate defaulted loans.

3 “(B) CRITERIA.—The schedule required
4 under this paragraph shall—

5 “(i) be based on a percentage of the
6 net amount recovered, but shall not exceed
7 a maximum amount; and

8 “(ii) not apply to any foreclosure
9 which is conducted under a contract be-
10 tween a development company and a quali-
11 fied third party to perform the foreclosure
12 and liquidation.”.

13 **SEC. 323. ADDITIONAL EQUITY INJECTIONS.**

14 Section 502(3)(B)(ii) of the Small Business Invest-
15 ment Act of 1958 (15 U.S.C. 696(3)(B)(ii)) is amended
16 to read as follows:

17 “(ii) FUNDING FROM INSTITU-
18 TIONS.—If a small business concern—

19 “(I) provides the minimum con-
20 tribution required under subpara-
21 graph (C), not less than 50 percent of
22 the total cost of any project financed
23 under clause (i), (ii), or (iii) of sub-
24 paragraph (C) shall come from the in-

stitutions described in subclauses (I),
 (II), and (III) of clause (i); and
 “(II) provides more than the
 minimum contribution required under
 subparagraph (C), any excess con-
 tribution may be used to reduce the
 amount required from the institutions
 described in subclauses (I), (II), and
 (III) of clause (i), except that the
 amount from such institutions may
 not be reduced to an amount that is
 less than the amount of the loan made
 by the Administrator.”.

SEC. 324. BUSINESSES IN LOW-INCOME AREAS.

Section 501(d)(3)(A) of the Small Business Invest-
 ment Act of 1958 (15 U.S.C. 695(d)(3)(A)) is amended
 by inserting after “business district revitalization,” the
 following: “or expansion of businesses in low-income com-
 munities which would be eligible for a new markets tax
 credit under section 45D(a) of the Internal Revenue Code
 of 1986, or implementing regulations issued thereunder,”.

SEC. 325. COMBINATIONS OF CERTAIN GOALS.

Section 501(e) of the Small Business Investment Act
 of 1958 (15 U.S.C. 695(e)) is amended by adding at the
 end the following:

1 “(7) A small business concern that is uncondi-
 2 tionally owned by more than 1 individual, or a cor-
 3 poration, the stock of which is owned by more than
 4 1 individual, shall be deemed to have achieved a
 5 public policy goal required under subsection (d)(3) if
 6 a combined ownership share of not less than 51 per-
 7 cent is held by individuals who are in 1 of, or a com-
 8 bination of, the groups described in subparagraph
 9 (C) or (E) of subsection (d)(3).”.

10 **SEC. 326. MAXIMUM 504 AND 7(a) LOAN ELIGIBILITY.**

11 Section 502(2) of the Small Business Investment Act
 12 of 1958 (15 U.S.C. 696(2)) is amended by adding at the
 13 end the following:

14 “(C) COMBINATION FINANCING.—Notwith-
 15 standing any other provision of law, financing
 16 under this title may be provided to a borrower
 17 in the maximum amount provided in this sub-
 18 section, and a loan guarantee under section
 19 7(a) of the Small Business Act may be provided
 20 to the same borrower in the maximum amount
 21 provided in section 7(a)(3)(A) of such Act, to
 22 the extent that the borrower otherwise qualifies
 23 for such assistance.”.

1 **SEC. 327. REFINANCING UNDER THE LOCAL DEVELOPMENT**
2 **BUSINESS LOAN PROGRAM.**

3 Section 502 of the Small Business Investment Act
4 of 1958 (15 U.S.C. 696) is amended by adding at the end
5 the following:

6 “(7) PERMISSIBLE DEBT REFINANCING.—

7 “(A) IN GENERAL.—Any financing ap-
8 proved under this title may include a limited
9 amount of debt refinancing.

10 “(B) EXPANSIONS.—If the project involves
11 expansion of a small business concern which
12 has existing indebtedness collateralized by fixed
13 assets, any amount of existing indebtedness
14 that does not exceed $\frac{1}{2}$ of the project cost of
15 the expansion may be refinanced and added to
16 the expansion cost, if—

17 “(i) the proceeds of the indebtedness
18 were used to acquire land, including a
19 building situated thereon, to construct a
20 building thereon, or to purchase equip-
21 ment;

22 “(ii) the borrower has been current on
23 all payments due on the existing debt for
24 not less than 1 year preceding the date of
25 refinancing; and

1 “(iii) the financing under section 504
2 will provide better terms or rate of interest
3 than exists on the debt at the time of refi-
4 nancing.”.

5 **SEC. 328. TECHNICAL CORRECTION.**

6 Section 501(e)(2) of the Small Business Investment
7 Act of 1958 (15 U.S.C. 695(e)(2)) is amended by striking
8 “outstanding”.

9 **SEC. 329. DEFINITIONS FOR THE SMALL BUSINESS INVEST-**
10 **MENT ACT OF 1958.**

11 Section 103 of the Small Business Investment Act
12 of 1958 (15 U.S.C. 662) is amended—

13 (1) by striking paragraph (6) and inserting the
14 following:

15 “(6) the term ‘development company’ means an
16 entity incorporated under State law with the author-
17 ity to promote and assist the growth and develop-
18 ment of small business concerns in the areas in
19 which it is authorized to operate by the Adminis-
20 trator;”;

21 (2) in paragraph (16), by striking “and” at the
22 end;

23 (3) in paragraph (17), by striking the period at
24 the end and inserting “; and”; and

25 (4) by adding at the end the following:

1 “(18) the term ‘certified development company’
 2 means a development company that the Adminis-
 3 trator has certified meets the criteria of section
 4 506.”.

5 **SEC. 330. REPEAL OF SUNSET ON RESERVE REQUIRE-**
 6 **MENTS FOR PREMIER CERTIFIED LENDERS.**

7 Section 508(c)(6)(B) of the Small Business Invest-
 8 ment Act of 1958 (15 U.S.C. 697e(c)(6)(B)) is amend-
 9 ed—

10 (1) in the subparagraph heading, by striking
 11 “TEMPORARY REDUCTION” and inserting “REDUC-
 12 TION”; and

13 (2) by striking “Notwithstanding subparagraph
 14 (A), during the 2-year period beginning on the date
 15 that is 90 days after the date of enactment of this
 16 subparagraph, the” and inserting “The”.

17 **SEC. 331. CERTIFIED DEVELOPMENT COMPANIES.**

18 Section 506 of the Small Business Investment Act
 19 of 1958 (15 U.S.C. 697c) is amended—

20 (1) in the section heading, by striking “**RE-**
 21 **STRICTIONS ON DEVELOPMENT COMPANY AS-**
 22 **SISTANCE**” and inserting “**CERTIFIED DEVELOP-**
 23 **MENT COMPANIES**”; and

24 (2) by inserting before “Notwithstanding any
 25 other provision of law” the following:

1 “(a) AUTHORITY TO ISSUE DEBENTURES.—A devel-
2 opment company may issue debentures under this title if
3 the Administrator certifies that the company meets the
4 following criteria:

5 “(1) SIZE.—

6 “(A) IN GENERAL.—Except as provided in
7 subparagraph (B), the development company
8 shall be a small business concern with fewer
9 than 500 employees, and shall not be under the
10 control of any entity that does not meet the size
11 standards established by the Administrator for
12 a small business concern.

13 “(B) EXCEPTION.—Any development com-
14 pany that was certified by the Administrator
15 before December 31, 2005, may continue to
16 issue debentures under this title.

17 “(2) PRIMARY PURPOSE.—A primary purpose
18 of the development company shall be to benefit the
19 community by fostering economic development to
20 create and preserve jobs and stimulate private in-
21 vestment.

22 “(3) PRIMARY FUNCTION.—A primary function
23 of the development company shall be to accomplish
24 its purpose by providing long-term financing to
25 small business concerns under the Local Develop-

1 ment Business Loan Program. The development
2 company may also provide or support other local
3 economic development activities to assist the commu-
4 nity.

5 “(4) NONPROFIT STATUS.—

6 “(A) IN GENERAL.—Except as provided in
7 subparagraph (B), the development company
8 shall be a nonprofit corporation.

9 “(B) EXCEPTION.—A development com-
10 pany certified by the Administrator before Jan-
11 uary 1, 1987, may continue to issue debentures
12 under this title and retain its status as a for-
13 profit enterprise.

14 “(5) GOOD STANDING.—The development com-
15 pany—

16 “(A) shall be in good standing in the State
17 in which such company is incorporated and in
18 any other State in which it conducts business;
19 and

20 “(B) shall be in compliance with all laws,
21 including taxation requirements, in the State in
22 which such company is incorporated and in any
23 other State in which it conducts business.

24 “(6) MEMBERSHIP OF DEVELOPMENT COM-
25 PANY.—There shall be—

1 “(A) not fewer than 25 members of the de-
2 velopment company (or owners or stockholders,
3 if the corporation is a for-profit entity), none of
4 whom may own or control more than 10 percent
5 of the voting membership of the company; and

6 “(B) at least 1 member of the development
7 company (none of whom is in a position to con-
8 trol the development company) from each of the
9 following:

10 “(i) Government organizations that
11 are responsible for economic development.

12 “(ii) Financial institutions that pro-
13 vide commercial long-term fixed asset fi-
14 nancing.

15 “(iii) Community organizations that
16 are dedicated to economic development.

17 “(iv) Businesses.

18 “(7) BOARD OF DIRECTORS.—

19 “(A) IN GENERAL.—The development com-
20 pany shall have a board of directors.

21 “(B) MEMBERS OF BOARD.—Each member
22 of the board of directors shall be—

23 “(i) a member of the development
24 company; and

1 “(ii) elected by a majority of the
2 members of the development company.

3 “(C) REPRESENTATION OF ORGANIZA-
4 TIONS AND INSTITUTIONS.—

5 “(i) IN GENERAL.—There shall be at
6 least 1 member of the board of directors
7 from not fewer than 3 of the 4 organiza-
8 tions and institutions described in para-
9 graph (6)(B), none of whom is in a posi-
10 tion to control the development company.

11 “(ii) MAXIMUM PERCENTAGE.—Not
12 more than 50 percent of the members of
13 the board of directors shall be from any 1
14 of the organizations and institutions de-
15 scribed in paragraph (6)(B).

16 “(D) MEETINGS.—The board of directors
17 of the development company shall meet on a
18 regular basis to make policy decisions for such
19 company.

20 “(8) PROFESSIONAL MANAGEMENT AND
21 STAFF.—

22 “(A) IN GENERAL.—The development com-
23 pany shall have full-time professional manage-
24 ment, including a chief executive officer to man-
25 age daily operations and a full-time professional

1 staff qualified to market the Local Development
 2 Business Loan Program and handle all aspects
 3 of loan approval and servicing, including liq-
 4 uidation, if appropriate.

5 “(B) INDEPENDENT MANAGEMENT AND
 6 OPERATION.—Except as provided in paragraph
 7 (9), the development company shall be inde-
 8 pendently managed and operated to pursue the
 9 economic development purpose of the company
 10 and shall employ directly the chief executive of-
 11 ficer.

12 “(9) MANAGEMENT AND OPERATION EXCEP-
 13 TIONS.—

14 “(A) AFFILIATION.—A development com-
 15 pany may be an affiliate of another local non-
 16 profit service corporation (other than a develop-
 17 ment company), a purpose of which is to sup-
 18 port economic development in the area in which
 19 the development company operates.

20 “(B) STAFFING.—A development company
 21 may satisfy the requirement for full-time pro-
 22 fessional staff under paragraph (8)(A) by con-
 23 tracting for the required staffing with—

24 “(i) a local nonprofit service corpora-
 25 tion;

1 “(ii) a nonprofit affiliate of a local
2 nonprofit service corporation;

3 “(iii) an entity wholly or partially op-
4 erated by a governmental agency; or

5 “(iv) another entity approved by the
6 Administrator.

7 “(C) DIRECTORS.—A development com-
8 pany and a local nonprofit service corporation
9 with which it is affiliated may have in common
10 some, but not all, members of their respective
11 board of directors.

12 “(D) RURAL AREAS.—A development com-
13 pany in a rural area may satisfy the require-
14 ments of a full-time professional staff and pro-
15 fessional management ability under paragraph
16 (8)(A) by contracting for such services with an-
17 other certified development company that—

18 “(i) has such staff and management
19 ability; and

20 “(ii) is located in the same State as
21 the development company or in a State
22 that is contiguous to the State in which
23 the development company is located.

24 “(E) PREVIOUSLY CERTIFIED.—A develop-
25 ment company that, on or before December 31,

1 2005, was certified by the Administrator and
2 had contracted with a for-profit company to
3 provide staffing and management services, may
4 continue to do so.

5 “(b) USE OF EXCESS FUNDS.—Any funds generated
6 by a certified development company from making loans
7 under section 503 or 504 that remain unexpended after
8 payment of staff, operating, and overhead expenses shall
9 be retained by the certified development company as a re-
10 serve for—

11 “(1) future operations;

12 “(2) expanding the area in which the certified
13 development company operates through the methods
14 authorized by this Act; or

15 “(3) investment in other local economic develop-
16 ment activity or community development in the
17 State from which such funds were generated.

18 “(c) ETHICAL REQUIREMENTS.—

19 “(1) IN GENERAL.—A certified development
20 company and the officers, employees, and other staff
21 of the company shall at all times act ethically and
22 avoid activities which constitute a conflict of interest
23 or appear to constitute a conflict of interest.

24 “(2) PROHIBITED CONFLICT IN PROJECT
25 LOANS.—

1 “(A) IN GENERAL.—No certified develop-
2 ment company may—

3 “(i) recommend or approve a guar-
4 antee of a debenture by the Administrator
5 under the Local Business Development
6 Loan Program that is collateralized by a
7 second lien position on the property being
8 constructed or acquired; and

9 “(ii) provide, or be affiliated with a
10 corporation or other entity which provides,
11 financing collateralized by a first lien on
12 the same property.

13 “(B) EXCEPTION.—During the 2-year pe-
14 riod beginning on the date of enactment of the
15 Small Business Reauthorization and Improve-
16 ments Act of 2006, a certified development
17 company that was participating as a first mort-
18 gage lender for the Local Business Develop-
19 ment Loan Program in either of fiscal years
20 2004 or 2005 may continue to do so.

21 “(3) OTHER ECONOMIC DEVELOPMENT ACTIVI-
22 TIES.—It shall not be a conflict of interest for a cer-
23 tified development company to operate multiple pro-
24 grams to assist small business concerns as part of
25 carrying out its economic development purpose.

1 “(d) MULTISTATE OPERATIONS.—

2 “(1) AUTHORIZATION.—Notwithstanding any
3 other provision of law, the Administrator shall per-
4 mit a certified development company to make loans
5 in any State that is contiguous to the State of incor-
6 poration of that certified development company, only
7 if such company—

8 “(A) is—

9 “(i) an accredited lender under section
10 507; or

11 “(ii) a premier certified lender under
12 section 508;

13 “(B) has a membership that contains,
14 from each of the States in which it operates,
15 not fewer than 25 members who reside in that
16 State;

17 “(C) has a board of directors that contains
18 not fewer than 2 members from each State in
19 which the company makes loans;

20 “(D) maintains not fewer than 1 loan com-
21 mittee, which shall have not fewer than 1 mem-
22 ber from each State in which the company
23 makes loans; and

24 “(E) submits to the Administrator, in writ-
25 ing—

1 “(i) a notice of the intention of the
2 company to make loans in multiple States;

3 “(ii) the names of the States in which
4 the company intends to make loans; and

5 “(iii) a detailed statement of how the
6 company will comply with this paragraph,
7 including a list of the members described
8 in subparagraph (B).

9 “(2) REVIEW.—The Administrator shall verify
10 whether a certified development company satisfies
11 the requirements of paragraph (1) on an expedited
12 basis and, not later than 30 days after the date on
13 which the Administrator receives the statement de-
14 scribed in paragraph (1)(E)(iii), the Administrator
15 shall determine whether such company satisfies such
16 criteria and provide notice to such company.

17 “(3) LOAN COMMITTEE PARTICIPATION.—For
18 any loan made by a company described in paragraph
19 (1), not fewer than 1 member of the loan committee
20 from the State in which the loan is to be made shall
21 participate in the review of such loan.

22 “(4) AGGREGATE ACCOUNTING.—A company
23 described in paragraph (1) may maintain an aggre-
24 gate accounting of all revenue and expenses of the
25 company for purposes of this title.

1 “(5) SERVICE TO CERTIFIED DEVELOPMENT
2 COMPANIES.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), an associate of a certified
5 development company may not be an officer, di-
6 rector, or manager of more than 1 certified de-
7 velopment company.

8 “(B) EXCEPTION.—

9 “(i) IN GENERAL.—Notwithstanding
10 any other provision of law, a person who is
11 serving on the board of directors of a cer-
12 tified development company may serve on
13 the board of directors, but not as an offi-
14 cer, of not more than 1 additional certified
15 development company, if—

16 “(I) such companies are not lo-
17 cated in the same State;

18 “(II) each board of directors de-
19 termines that the service by such per-
20 son on such board does not constitute
21 a conflict of interest; and

22 “(III) there is not a contractual
23 relationship between—

24 “(aa) the person and such
25 additional certified development

1 company, except for the contract
2 of such person to serve as a
3 member of the board of directors
4 of such company, if any; or

5 “(bb) the certified develop-
6 ment companies of which such
7 person is a member of the board
8 of directors.

9 “(ii) MAXIMUM NUMBER OF MEM-
10 BERS.—A certified development company
11 may not have more than 1 member of the
12 board of directors of such company in com-
13 mon with any other board of directors of
14 a certified development company.

15 “(C) DEFINITION.—As used in this para-
16 graph, the term ‘associate of a certified develop-
17 ment company’ has the meaning given the term
18 ‘Associate of a CDC’ in section 120.10 of title
19 13, Code of Federal Regulations (or any cor-
20 responding similar regulation or ruling).

21 “(6) LOCAL JOB CREATION REQUIREMENTS.—
22 Any certified development company making loans in
23 multiple States shall satisfy any applicable job cre-
24 ation or retention requirements separately for each
25 such State. Such a company shall not count jobs

1 created or retained in 1 State towards any applica-
 2 ble job creation or retention requirement in another
 3 State.

4 “(7) CONTIGUOUS STATES.—For purposes of
 5 this subsection, the States of Alaska and Hawaii
 6 shall be deemed to be contiguous to any State abut-
 7 ting the Pacific Ocean.

8 “(8) LOCAL ECONOMIC AREA REQUIREMENT
 9 AND EXEMPTION.—

10 “(A) DEFINITION.—In this paragraph, the
 11 term ‘local economic area’ means an area, as
 12 determined by the Administrator, that—

13 “(i) is in a State other than the State
 14 in which a development company is incor-
 15 porated;

16 “(ii) shares a border with the area of
 17 operations of the development company;
 18 and

19 “(iii) is a part of a local trade area
 20 (including a city that is bisected by a State
 21 line and a metropolitan statistical area
 22 that is bisected by a State line) that is
 23 contiguous to the area of operations of the
 24 development company.

1 “(B) EXEMPTION.—An applicant operating
 2 in a local economic area shall not be considered
 3 to be operating in a multistate area, and shall
 4 not be required to comply with the require-
 5 ments for multistate operation.

6 “(e) RESTRICTIONS ON DEVELOPMENT COMPANY
 7 ASSISTANCE.—”.

8 **SEC. 332. CONFORMING AMENDMENTS.**

9 Section 503 of the Small Business Investment Act
 10 of 1958 (15 U.S.C. 697) is amended—

11 (1) in subsection (a)(1), by striking “qualified
 12 State or local development company” and inserting
 13 “certified development company”; and

14 (2) by striking subsection (e) and inserting the
 15 following:

16 “(e) SECTION 7(a) LOANS.—Notwithstanding any
 17 other provision of law, a certified development company
 18 is authorized to prepare applications for deferred partici-
 19 pation loans under section 7(a) of the Small Business Act,
 20 to service such loans, and to charge a reasonable fee for
 21 servicing such loans.”.

22 **SEC. 333. CLOSING COSTS.**

23 Section 503(b) of the Small Business Investment Act
 24 of 1958 (15 U.S.C. 697(b)) is amended by striking para-
 25 graph (4) and inserting the following:

1 “(4) the aggregate amount of such debenture
 2 does not exceed the amount of the loans to be made
 3 from the proceeds of such debenture plus, at the
 4 election of the borrower, other amounts attributable
 5 to the administrative and closing costs of such loans,
 6 except for the attorney fees of the borrower;”.

7 **SEC. 334. DEFINITION OF RURAL.**

8 Section 501 of the Small Business Investment Act
 9 of 1958 (15 U.S.C. 695) is amended by adding at the end
 10 the following:

11 “(f) As used in this title, the term ‘rural’ includes
 12 any area that is not—

13 “(1) a city or town that has a population great-
 14 er than 50,000 inhabitants; or

15 “(2) the urbanized area contiguous and adja-
 16 cent to a city or town described in paragraph (1).”.

17 **SEC. 335. REGULATIONS AND EFFECTIVE DATE.**

18 (a) IN GENERAL.—Except as provided in subsection

19 (b), the Administrator shall—

20 (1) publish proposed rules to implement this
 21 subtitle and the amendments made by this subtitle,
 22 not later than 120 days after the date of enactment
 23 of this Act; and

1 (2) publish such rules in final form not later
2 than 120 days after the date of publication under
3 paragraph (1).

4 (b) MULTISTATE OPERATIONS.—As soon as is prac-
5 ticable after the date of enactment of this Act, the Admin-
6 istrator shall promulgate regulations to implement section
7 506(d) of the Small Business Investment Act of 1958, as
8 added by this subtitle. Such regulations shall become ef-
9 fective not later than 120 days after the date of enactment
10 of this Act.

11 (c) EFFECTIVE DATE.—

12 (1) IN GENERAL.—Except as otherwise specifi-
13 cally provided this subtitle, this subtitle and the
14 amendments made by this subtitle shall become ef-
15 fective 240 days after the date of enactment of this
16 Act, regardless of whether the Administrator has
17 promulgated the regulations required under sub-
18 section (a).

19 (2) MULTISTATE OPERATIONS.—Section 506(d)
20 of the Small Business Investment Act of 1958, as
21 added by this subtitle, shall become effective 120
22 days after the date of enactment of this Act, regard-
23 less of whether the Administrator has promulgated
24 the regulations required under subsection (b).

1 **SEC. 336. LOW-INCOME GEOGRAPHIC AREAS.**

2 (a) MODIFICATION OF DEFINITION OF LOW-INCOME
3 GEOGRAPHIC AREA FOR PURPOSES OF NEW MARKETS
4 VENTURE CAPITAL PROGRAM.—

5 (1) IN GENERAL.—Section 351 of the Small
6 Business Investment Act of 1958 (15 U.S.C. 689) is
7 amended—

8 (A) by striking paragraph (2);

9 (B) in paragraph (3), by striking “(3)”
10 and all that follows through the end of subpara-
11 graph (A) and inserting the following:

12 “(2) LOW-INCOME GEOGRAPHIC AREA.—The
13 term ‘low-income geographic area’ means—

14 “(A) any ‘low-income community’, as that
15 term is defined in section 45D of the Internal
16 Revenue Code of 1986 (relating to the new
17 markets tax credit); and”;

18 (C) by redesignating paragraphs (4)
19 through (8) as paragraphs (3) through (7), re-
20 spectively.

21 (2) RETROACTIVE APPLICATION OF AMENDED
22 DEFINITION TO CAPITAL REQUIREMENT.—The defi-
23 nition of a low-income geographic area in section
24 351(2) of the Small Business Investment Act of
25 1958, as amended by paragraph (1) of this sub-
26 section, shall apply to private capital raised under

1 section 354(d)(1) of the Small Business Investment
2 Act of 1958 (15 U.S.C. 689c(d)(1)) before, on, or
3 after the date of enactment of this Act.

4 (b) STUDY ON AVAILABILITY OF EQUITY CAPITAL.—

5 (1) STUDY REQUIRED.—Not later than the end
6 of the 180-day period beginning on the date of en-
7 actment of this Act, the Chief Counsel for Advocacy
8 of the Administration shall conduct a study on the
9 availability of equity capital in low-income geo-
10 graphic areas.

11 (2) REPORT.—Not later than 90 days after the
12 completion of the study under paragraph (1), the
13 Administrator shall submit to Congress a report con-
14 taining the findings of the study required under
15 paragraph (1) and any recommendations of the Ad-
16 ministrator based on such study.

17 **SEC. 337. LIMITATION ON TIME FOR FINAL APPROVAL OF**
18 **COMPANIES.**

19 Section 354(d) of the Small Business Investment Act
20 of 1958 (15 U.S.C. 689c(d)) is amended by striking “a
21 period of time, not to exceed 2 years,” and inserting “2
22 years”.

1 **TITLE IV—DISASTER RESPONSE**

2 **Subtitle A—Private Disaster Loans**

3 **SEC. 401. PRIVATE DISASTER LOANS.**

4 (a) IN GENERAL.—Section 7 of the Small Business
5 Act (15 U.S.C. 636) is amended—

6 (1) by redesignating subsections (c) and (d) as
7 subsections (d) and (e), respectively; and

8 (2) by inserting after subsection (b) the fol-
9 lowing:

10 “(c) PRIVATE DISASTER LOANS.—

11 “(1) DEFINITIONS.—In this subsection—

12 “(A) the term ‘disaster area’ means a
13 county, parish, or similar unit of general local
14 government in which a disaster was declared
15 under subsection (b);

16 “(B) the term ‘eligible small business con-
17 cern’ means a business concern that is—

18 “(i) is a small business concern, as
19 defined in this Act; or

20 “(ii) is a small business concern, as
21 defined in section 103 of the Small Busi-
22 ness Investment Act of 1958; and

23 “(C) the term ‘qualified private lender’
24 means any privately-owned bank or other lend-
25 ing institution that the Administrator deter-

1 mines meets the criteria established under para-
2 graph (10).

3 “(2) AUTHORIZATION.—The Administrator may
4 guarantee timely payment of all principal and inter-
5 est as scheduled on any loan issued—

6 “(A) by a qualified private lender to an eli-
7 gible small business concern located in a dis-
8 aster area; and

9 “(B) during the 24-month period begin-
10 ning on the date on which the disaster area is
11 designated.

12 “(3) USE OF LOANS.—A loan guaranteed by
13 the Administrator under this subsection may be used
14 for—

15 “(A) any purpose authorized under sub-
16 section (a) or (b); and

17 “(B) acquiring or developing real estate for
18 the purpose of selling or renting such real es-
19 tate.

20 “(4) ONLINE APPLICATIONS.—

21 “(A) IN GENERAL.—

22 “(i) ESTABLISHMENT.—The Adminis-
23 trator may establish, directly or through
24 an agreement with another entity, an on-

1 line application process for loans guaran-
2 teed under this subsection.

3 “(ii) OTHER FEDERAL ASSISTANCE.—

4 The Administrator may coordinate with
5 the head of any other appropriate Federal
6 agency so that any application submitted
7 through an online application process es-
8 tablished under clause (i) may be consid-
9 ered for any other Federal assistance pro-
10 gram for disaster relief.

11 “(B) CONTENTS.—

12 “(i) IN GENERAL.—An online applica-
13 tion process established under subpara-
14 graph (A) shall allow an applicant for a
15 guarantee under this subsection to specify
16 the qualified private lender from which the
17 applicant seeks to obtain a loan.

18 “(ii) OFFERS FOR LOANS.—

19 “(I) IN GENERAL.—If an appli-
20 cant does not specify a qualified pri-
21 vate lender under clause (i), any
22 qualified private lender may be se-
23 lected to or opt to consider the appli-
24 cation.

1 “(II) PROCESS.—The Adminis-
2 trator may, via the online process or
3 another predetermined and objective
4 process, determine a means of distrib-
5 uting or otherwise making available
6 for consideration applications where a
7 qualified private lender has not been
8 specified by the applicant.

9 “(5) REFINANCING.—A loan guaranteed under
10 this subsection may be used to refinance any debt
11 under this Act or the Small Business Investment
12 Act of 1958.

13 “(6) MAXIMUM AMOUNTS.—

14 “(A) GUARANTEE PERCENTAGE.—The Ad-
15 ministrators may guarantee not more than 85
16 percent of a loan under this subsection.

17 “(B) LOAN AMOUNTS.—The maximum
18 amount of a loan guaranteed under this sub-
19 section shall be \$3,000,000.

20 “(7) LOAN TERM.—The longest term of a loan
21 for a loan guaranteed under this subsection shall
22 be—

23 “(A) 15 years for any loan that is issued
24 without collateral; and

1 “(B) 25 years for any loan that is issued
2 with collateral.

3 “(8) FEES.—

4 “(A) IN GENERAL.—The Administrator
5 may not collect a guarantee fee under this sub-
6 section.

7 “(B) ORIGINATION FEE.—The Adminis-
8 trator shall pay a qualified private lender an
9 origination fee for a loan guaranteed under this
10 subsection equal to $\frac{15}{100}$ of 1 percent of the
11 amount of the loan.

12 “(9) DOCUMENTATION.—A qualified private
13 lender may use its own loan documentation for a
14 loan guaranteed by the Administrator, to the extent
15 authorized by the Administrator. The ability of a
16 lender to use its own loan documentation for a loan
17 offered under this subsection shall not be considered
18 part of the criteria for becoming a qualified private
19 lender under the regulations promulgated under
20 paragraph (10)(B).

21 “(10) IMPLEMENTATION.—

22 “(A) IN GENERAL.—Not later than 30
23 days after the date of enactment of the Small
24 Business Reauthorization and Improvements
25 Act of 2006, the Administrator shall—

1 “(i) establish interim criteria for
2 qualified private lenders; and

3 “(ii) begin accepting applications from
4 banks and lending institutions.

5 “(B) REGULATIONS.—

6 “(i) IN GENERAL.—Not later than 90
7 days after the date of enactment of the
8 Small Business Reauthorization and Im-
9 provements Act of 2006, the Administrator
10 shall promulgate regulations establishing
11 permanent criteria for qualified private
12 lenders.

13 “(ii) EXISTING QUALIFIED PRIVATE
14 LENDERS.—A bank or lending institution
15 that the Administrator determined met the
16 criteria established under subparagraph
17 (A)(i) may continue to operate as a quali-
18 fied private lender if the Administrator de-
19 termines that such bank or lending institu-
20 tion meets the criteria established under
21 clause (i).

22 “(11) OTHER ASSISTANCE.—The fact that a
23 small business concern receives assistance under this
24 subsection shall not preclude such business concern
25 from receiving other assistance under this Act.

1 “(12) AUTHORIZATION OF APPROPRIATIONS.—

2 “(A) IN GENERAL.—Amounts necessary to
3 carry out this subsection shall be made avail-
4 able from amounts appropriated to the Admin-
5 istration under subsection (b).

6 “(B) AUTHORITY TO REDUCE INTEREST
7 RATES.—Funds appropriated to the Adminis-
8 tration to carry out this subsection, may be
9 used by the Administrator, to the extent avail-
10 able, to reduce the applicable rate of interest
11 for a loan guaranteed under this subsection by
12 not more than 3 percentage points.”.

13 (b) EFFECTIVE DATE.—

14 (1) IN GENERAL.—The amendments made by
15 this section shall apply to disasters declared under
16 section 7(b)(2) of the Small Business Act (631
17 U.S.C. 636(b)(2)) before, on, or after the date of en-
18 actment of this Act.

19 (2) CONSTRUCTION.—For any disaster de-
20 scribed in paragraph (1) that was declared before
21 the date of enactment of this Act, the 24-month pe-
22 riod described in section 7(c)(2)(B) of the Small
23 Business Act, as amended by this Act, shall begin on
24 the date on which such disaster was declared.

1 **SEC. 402. TECHNICAL AND CONFORMING AMENDMENTS.**

2 The Small Business Act (15 U.S.C. 631 et seq.) is
3 amended—

4 (1) in section 4(c)—

5 (A) in paragraph (1), by striking “7(c)(2)”
6 and inserting “7(d)(2)”; and

7 (B) in paragraph (2)—

8 (i) by striking “7(c)(2)” and inserting
9 “7(d)(2)”; and

10 (ii) by striking “7(e),”; and

11 (2) in section 7(b), in the undesignated matter
12 following paragraph (3)—

13 (A) by striking “That the provisions of
14 paragraph (1) of subsection (c)” and inserting
15 “That the provisions of paragraph (1) of sub-
16 section (d)”; and

17 (B) by striking “Notwithstanding the pro-
18 visions of any other law the interest rate on the
19 Administration’s share of any loan made under
20 subsection (b) except as provided in subsection
21 (c),” and inserting “Notwithstanding any other
22 provision of law, and except as provided in sub-
23 section (d), the interest rate on the Administra-
24 tion’s share of any loan made under subsection
25 (b)”.

Subtitle B—Disaster Relief and Reconstruction

3 SEC. 421. DEFINITION OF DISASTER AREA.

4 In this subtitle, the term “disaster area” means an
5 area affected by a natural or other disaster, as determined
6 for purposes of paragraph (1) or (2) of section 7(b) of
7 the Small Business Act, during the period of such declara-
8 tion.

9 SEC. 422. DISASTER LOANS TO NONPROFITS.

10 Section 7(b) of the Small Business Act (15 U.S.C.
11 636(b)) is amended by inserting immediately after para-
12 graph (3) the following:

13 “(4) LOANS TO NONPROFITS.—In addition to
14 any other loan authorized by this subsection, the Ad-
15 ministrator may make such loans (either directly or
16 in cooperation with banks or other lending institu-
17 tions through agreements to participate on an imme-
18 diate or deferred basis) as the Administrator deter-
19 mines appropriate to a nonprofit organization lo-
20 cated or operating in an area affected by a natural
21 or other disaster, as determined under paragraph
22 (1) or (2), or providing services to persons who have
23 evacuated from any such area.”.

1 **SEC. 423. DISASTER LOAN AMOUNTS.**

2 (a) INCREASED LOAN CAPS.—Section 7(b) of the
3 Small Business Act (15 U.S.C. 636(b)) is amended by in-
4 serting immediately after paragraph (4), as added by this
5 subtitle, the following:

6 “(5) INCREASED LOAN CAPS.—

7 “(A) AGGREGATE LOAN AMOUNTS.—Ex-
8 cept as provided in clause (ii), and notwith-
9 standing any other provision of law, the aggre-
10 gate loan amount outstanding and committed to
11 a borrower under this subsection may not ex-
12 ceed \$5,000,000.

13 “(B) WAIVER AUTHORITY.—The Adminis-
14 trator may, at the discretion of the Adminis-
15 trator, waive the aggregate loan amount estab-
16 lished under clause (i).”.

17 (b) DISASTER MITIGATION.—

18 (1) IN GENERAL.—Section 7(b)(1)(A) of the
19 Small Business Act (15 U.S.C. 636(b)(1)(A)) is
20 amended by inserting “of the aggregate costs of
21 such damage or destruction (whether or not com-
22 pensated for by insurance or otherwise)” after “20
23 per centum”.

24 (2) EFFECTIVE DATE.—The amendment made
25 by paragraph (1) shall apply with respect to a loan

1 or guarantee made after the date of enactment of
2 this Act.

3 (c) TECHNICAL AMENDMENTS.—Section 7(b) of the
4 Small Business Act (15 U.S.C. 636(b)) is amended—

5 (1) in the matter preceding paragraph (1), by
6 striking “the, Administration” and inserting “the
7 Administration”;

8 (2) in paragraph (2)(A), by striking “Disaster
9 Relief and Emergency Assistance Act” and inserting
10 “Robert T. Stafford Disaster Relief and Emergency
11 Assistance Act (42 U.S.C. 5121 et seq.)”; and

12 (3) in the undesignated matter at the end—

13 (A) by striking “, (2), and (4)” and insert-
14 ing “and (2)”; and

15 (B) by striking “, (2), or (4)” and insert-
16 ing “(2)”.

17 **SEC. 424. SMALL BUSINESS DEVELOPMENT CENTER PORT-**
18 **ABILITY GRANTS.**

19 Section 21(a)(4)(C)(viii) of the Small Business Act
20 (15 U.S.C. 648(a)(4)(C)(viii)) is amended—

21 (1) in the first sentence, by striking “as a re-
22 sult of a business or government facility down sizing
23 or closing, which has resulted in the loss of jobs or
24 small business instability” and inserting “due to

1 events that have resulted or will result in, business
 2 or government facility downsizing or closing”; and

3 (2) by adding at the end “At the discretion of
 4 the Administrator, the Administrator may make an
 5 award greater than \$100,000 to a recipient to ac-
 6 commodate extraordinary occurrences having a cata-
 7 strophic impact on the small business concerns in a
 8 community.”.

9 **SEC. 425. ASSISTANCE TO OUT-OF-STATE BUSINESSES.**

10 Section 21(b)(3) of the Small Business Act (15
 11 U.S.C. 648(b)(3)) is amended—

12 (1) by striking “At the discretion” and insert-
 13 ing the following: “SMALL BUSINESS DEVELOPMENT
 14 CENTERS.—

15 “(A) IN GENERAL.—At the discretion”;

16 and

17 (2) by adding at the end the following:

18 “(B) DURING DISASTERS.—

19 “(i) IN GENERAL.—At the discretion
 20 of the Administrator, the Administrator
 21 may authorize a small business develop-
 22 ment center to provide such assistance to
 23 small business concerns located outside of
 24 the State, without regard to geographic
 25 proximity, if the small business concerns

1 are located in a disaster area declared
2 under section 7(b)(2)(A).

3 “(ii) CONTINUITY OF SERVICES.—A
4 small business development center that
5 provides counselors to an area described in
6 clause (i) shall, to the maximum extent
7 practicable, ensure continuity of services in
8 any State in which such small business de-
9 velopment center otherwise provides serv-
10 ices.

11 “(iii) ACCESS TO DISASTER RECOVERY
12 FACILITIES.—For purposes of providing
13 disaster recovery assistance under this sub-
14 paragraph, the Administrator shall, to the
15 maximum extent practicable, permit small
16 business development center personnel to
17 use any site or facility designated by the
18 Administrator for use to provide disaster
19 recovery assistance.”.

20 **SEC. 426. OUTREACH PROGRAMS.**

21 (a) IN GENERAL.—Not later than 30 days after the
22 date of the declaration of a disaster area, the Adminis-
23 trator may establish a contracting outreach and technical
24 assistance program for small business concerns which have

1 had a primary place of business in, or other significant
2 presence in, such disaster area.

3 (b) ADMINISTRATOR ACTION.—The Administrator
4 may fulfill the requirement of subsection (a) by acting
5 through—

6 (1) the Administration;

7 (2) the Federal agency small business officials
8 designated under section 15(k)(1) of the Small Busi-
9 ness Act (15 U.S.C. 644(k)(1)); or

10 (3) any Federal, State, or local government en-
11 tity, higher education institution, procurement tech-
12 nical assistance center, or private nonprofit organi-
13 zation that the Administrator may determine appro-
14 priate, upon conclusion of a memorandum of under-
15 standing or assistance agreement, as appropriate,
16 with the Administrator.

17 **SEC. 427. SMALL BUSINESS BONDING THRESHOLD.**

18 (a) IN GENERAL.—Except as provided in subsection
19 (b), and notwithstanding any other provision of law, for
20 any procurement related to a major disaster (as that term
21 is defined in section 102 of the Robert T. Stafford Dis-
22 aster Relief and Emergency Assistance Act (42 U.S.C.
23 5122)), the Administrator may, upon such terms and con-
24 ditions as the Administrator may prescribe, guarantee and
25 enter into commitments to guarantee any surety against

1 loss resulting from a breach of the terms of a bid bond,
2 payment bond, performance bond, or bonds ancillary
3 thereto, by a principal on any total work order or contract
4 amount at the time of bond execution that does not exceed
5 \$5,000,000.

6 (b) INCREASE OF AMOUNT.—Upon request of the
7 head of any Federal agency other than the Administration
8 involved in reconstruction efforts in response to a major
9 disaster, the Administrator may guarantee and enter into
10 a commitment to guarantee any security against loss
11 under subsection (a) on any total work order or contract
12 amount at the time of bond execution that does not exceed
13 \$10,000,000.

14 **SEC. 428. SMALL BUSINESS PARTICIPATION.**

15 In order to facilitate the maximum practicable par-
16 ticipation of small business concerns in activities related
17 to relief and recovery from an event for which a disaster
18 area was declared, the Administrator and the head of any
19 Federal agency making procurements related to the after-
20 math of the disaster, may, at the discretion of the Admin-
21 istrator, set a goal of awarding to small business concerns
22 not less than 30 percent of amounts expended for prime
23 contracts and not less than 40 percent of amounts ex-
24 pended for subcontracts on procurements by such agency
25 related to the aftermath of the disaster.

1 **SEC. 429. EMERGENCY PROCUREMENT AUTHORITY.**

2 (a) SMALL BUSINESS RESERVATION OFFSET.—Sec-
3 tion 15(j) of the Small Business Act (15 U.S.C. 644(j))
4 is amended by adding at the end the following:

5 “(4) For any contract involving the use of the special
6 emergency procurement authority under section 32A(c) of
7 the Office of Federal Procurement Policy Act (41 U.S.C.
8 428a(c)), the dollar ceiling of the small business reserva-
9 tion established in paragraph (1) shall be adjusted to
10 match the applicable amount of the simplified acquisition
11 threshold.”.

12 (b) RETENTION OF SMALL BUSINESS SUBCON-
13 TRACTING.—Section 8(d)(4)(D) of the Small Business Act
14 (15 U.S.C. 637(d)(4)(D)) is amended—

15 (1) by striking “(D) No contract” and inserting
16 the following:

17 “(D) SMALL BUSINESS PARTICIPATION.—

18 “(i) IN GENERAL.—No contract”; and

19 (2) by adding at the end the following:

20 “(ii) EMERGENCY PROCUREMENTS.—

21 “(I) IN GENERAL.—For any contract
22 which otherwise meets the requirements of
23 this subsection, and which involves the use
24 of special emergency procurement author-
25 ity under section 32A(c) of the Office of
26 Federal Procurement Policy Act (41

1 U.S.C. 428a(c)), the subcontracting plan
 2 required under this subsection shall be ne-
 3 gotiated as soon as practicable, but not
 4 later than 30 days after the date on which
 5 the contract is awarded.

6 “(II) PAYMENT.—Not greater than
 7 50 percent of the amounts due under any
 8 contract described in subclause (I) may be
 9 paid, unless a subcontracting plan compli-
 10 ant with this subsection is negotiated by
 11 the contractor.”.

12 **SEC. 430. PAPERWORK RECIPROCITY FOR SMALL DISASTER**
 13 **CONTRACTORS.**

14 Not later than 30 days after the date of enactment
 15 of this Act, the Administrator shall ensure that all eligible
 16 small business concerns receive the full benefit of reci-
 17 procuity in certifications between Federal and federally
 18 funded contracting programs for small business concerns
 19 owned and controlled by socially and economically dis-
 20 advantaged individuals.

21 **SEC. 431. SMALL BUSINESS MULTIPLE AWARD DISASTER**
 22 **CONTRACTS.**

23 (a) IN GENERAL.—The Administrator and the Ad-
 24 ministrator for Federal Procurement Policy shall work
 25 with other Federal agencies to ensure that the Federal

1 Government establishes and maintains multiple award
 2 contracts with small business concerns of all categories on
 3 a nationwide and regional basis for the purpose of con-
 4 ducting or supporting Federal disaster recovery efforts.

5 (b) REPORT.—At the end of each fiscal year, the Ad-
 6 ministrator and the Administrator for Federal Procure-
 7 ment Policy shall submit to the Committee on Small Busi-
 8 ness and Entrepreneurship of the Senate and the Com-
 9 mittee on Small Business of the House of Representatives
 10 a report describing the terms, conditions, and status of
 11 the contracts described in subsection (a) awarded during
 12 the preceding fiscal year.

13 **SEC. 432. CONTRACTING PRIORITY FOR LOCAL SMALL**
 14 **BUSINESSES.**

15 Section 15(d) of the Small Business Act (15 U.S.C.
 16 644(d)) is amended—

17 (1) by striking “(d) For purposes” and insert-
 18 ing the following:

19 “(d) CONTRACTING PRIORITIES.—

20 “(1) IN GENERAL.—For purposes”; and

21 (2) by adding at the end the following:

22 “(2) DISASTER CONTRACTING PRIORITY IN
 23 GENERAL.—The Administrator shall designate any
 24 disaster area as an area of concentrated unemploy-

1 ment or underemployment, or a labor surplus area
2 for purposes of paragraph (1).

3 “(3) LOCAL SMALL BUSINESSES.—

4 “(A) IN GENERAL.—The head of each ex-
5 ecutive agency shall give priority in the award-
6 ing of contracts and the placement of sub-
7 contracts for disaster relief to local small busi-
8 ness concerns, by using, as appropriate—

9 “(i) preferential factors in evaluations
10 of contract bids and proposals;

11 “(ii) competitions restricted to local
12 small business concerns, where there is a
13 reasonable expectation of receiving com-
14 petitive, reasonably priced bids or pro-
15 posals from not fewer than 2 local small
16 business concerns;

17 “(iii) requirements of preference for
18 local small business concerns in subcon-
19 tracting plans; and

20 “(iv) assessments of liquidated dam-
21 ages and other contractual penalties, in-
22 cluding contract termination.

23 “(B) OTHER DISASTER ASSISTANCE.—Pri-
24 ority shall be given to local small business con-
25 cerns in the awarding of contracts and the

1 placement of subcontracts for disaster relief in
2 any Federal procurement and any procurement
3 by a State or local government made with Fed-
4 eral disaster assistance funds.

5 “(4) DEFINITIONS.—In this subsection—

6 “(A) the term ‘declared disaster’ means a
7 disaster, as designated by the Administrator;

8 “(B) the term ‘disaster area’ means any
9 State or area affected by a declared disaster, as
10 determined by the Administrator;

11 “(C) the term ‘executive agency’ has the
12 same meaning as in section 105 of title 5,
13 United States Code; and

14 “(D) the term ‘local small business con-
15 cern’ means a small business concern that—

16 “(i) on the date immediately pre-
17 ceding the date on which a declared dis-
18 aster occurred—

19 “(I) had a principal office in the
20 disaster area for such declared dis-
21 aster; and

22 “(II) employed a majority of the
23 workforce of such small business con-
24 cern in the disaster area for such de-
25 clared disaster; and

1 “(ii) is capable of performing a sub-
 2 stantial proportion of any contract or sub-
 3 contract for disaster relief within the dis-
 4 aster area for such declared disaster, as
 5 determined by the Administrator.”.

6 **SEC. 433. TERMINATION OF PROGRAM.**

7 Section 711(c) of the Small Business Competitive
 8 Demonstration Program Act of 1988 (15 U.S.C. 644 note)
 9 is amended by inserting after “January 1, 1989” the fol-
 10 lowing: “, and shall terminate on the date of enactment
 11 of the Small Business Reauthorization and Improvements
 12 Act of 2006”.

13 **SEC. 434. INCREASING COLLATERAL REQUIREMENTS.**

14 Section 7(d)(6) of the Small Business Act (15 U.S.C.
 15 636), as so designated by section 401, is amended by
 16 striking “\$10,000” and inserting “\$12,000”.

17 **Subtitle C—Disaster Response**

18 **SEC. 451. DEFINITIONS.**

19 In this subtitle—

20 (1) the term “approved State Bridge Loan Pro-
 21 gram” means a State Bridge Loan Program ap-
 22 proved under section 452(b);

23 (2) the term “catastrophic national disaster”
 24 has the meaning given the term in section 7(b)(6)

1 of the Small Business Act (15 U.S.C. 636(b)), as
2 added by this Act;

3 (3) the term “declared disaster” means a major
4 disaster or a catastrophic national disaster;

5 (4) the term “disaster loan program of the Ad-
6 ministration” means assistance under section 7(b) of
7 the Small Business Act (15 U.S.C. 636(b));

8 (5) the term “disaster update period” means
9 the period beginning on the date on which the Presi-
10 dent declares a major disaster or a catastrophic na-
11 tional disaster and ending on the date on which such
12 declaration terminates;

13 (6) the term “major disaster” has the meaning
14 given the term in section 102 of the Robert T. Staf-
15 ford Disaster Relief and Emergency Assistance Act
16 (42 U.S.C. 5122); and

17 (7) the term “State” means any State of the
18 United States, the District of Columbia, the Com-
19 monwealth of Puerto Rico, the Northern Mariana Is-
20 lands, the Virgin Islands, Guam, American Samoa,
21 and any territory or possession of the United States.

22 **SEC. 452. STATE BRIDGE LOAN GUARANTEE.**

23 (a) AUTHORIZATION.—After issuing guidelines under
24 subsection (c), the Administrator may guarantee loans
25 made under an approved State Bridge Loan Program.

1 (b) APPROVAL.—

2 (1) APPLICATION.—A State desiring approval
3 of a State Bridge Loan Program shall submit an ap-
4 plication to the Administrator at such time, in such
5 manner, and accompanied by such information as
6 the Administrator may require.

7 (2) CRITERIA.—The Administrator may ap-
8 prove an application submitted under paragraph (1)
9 based on such criteria as the Administrator may es-
10 tablish under this section.

11 (c) GUIDELINES.—

12 (1) IN GENERAL.—Not later than 90 days after
13 the date of enactment of this Act, the Administrator
14 shall issue to the appropriate economic development
15 officials in each State, the Committee on Small
16 Business and Entrepreneurship of the Senate, and
17 the Committee on Small Business of the House of
18 Representatives, guidelines regarding approved State
19 Bridge Loan Programs.

20 (2) CONTENTS.—The guidelines issued under
21 paragraph (1) shall—

22 (A) identify appropriate uses of funds
23 under an approved State Bridge Loan Program;

24 (B) set terms and conditions for loans
25 under an approved State Bridge Loan Program;

1 (C) address whether—

2 (i) an approved State Bridge Loan
3 Program may charge administrative fees;
4 and

5 (ii) loans under an approved State
6 Bridge Loan Program shall be disbursed
7 through local banks and other financial in-
8 stitutions; and

9 (D) establish the percentage of a loan the
10 Administrator will guarantee under an approved
11 State Bridge Loan Program.

12 **SEC. 453. CATASTROPHIC NATIONAL DISASTERS.**

13 Section 7(b) of the Small Business Act (15 U.S.C.
14 636(b)) is amended by inserting immediately after para-
15 graph (5), as added by this Act, the following:

16 “(6) CATASTROPHIC NATIONAL DISASTERS.—

17 “(A) DEFINITION.—In this paragraph the
18 term ‘catastrophic national disaster’ means a
19 disaster, natural or other, that the President
20 determines has caused significant adverse eco-
21 nomic conditions outside of the geographic
22 reach of the disaster.

23 “(B) AUTHORIZATION.—The Adminis-
24 trator may make such loans under this para-
25 graph (either directly or in cooperation with

banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator determines appropriate to small business concerns located anywhere in the United States that are economically adversely impacted as a result of a catastrophic national disaster.

“(C) LOAN TERMS.—A loan under this paragraph shall be made on the same terms as a loan under paragraph (2).”.

**SEC. 454. PUBLIC AWARENESS OF DISASTER DECLARATION
AND APPLICATION PERIODS.**

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (6), as added by this Act, the following:

“(7) COORDINATION WITH FEMA.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, for any disaster (including a catastrophic national disaster) declared under this subsection or major disaster (as that term is defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)), the Administrator, in consultation with the Director of the Federal

1 Emergency Management Agency, shall ensure,
2 to the maximum extent practicable, that all ap-
3 plication periods for disaster relief under this
4 Act and the Robert T. Stafford Disaster Relief
5 and Emergency Assistance Act begin on the
6 same date and end on the same date.

7 “(B) DEADLINE EXTENSIONS.—Notwith-
8 standing any other provision of law—

9 “(i) not later than 10 days before the
10 closing date of an application period for
11 disaster relief under this Act for any dis-
12 aster (including a catastrophic national
13 disaster) declared under this subsection,
14 the Administrator, in consultation with the
15 Director of the Federal Emergency Man-
16 agement Agency, shall notify the Com-
17 mittee on Small Business and Entrepre-
18 neurship of the Senate and the Committee
19 on Small Business of the House of Rep-
20 resentatives as to whether the Adminis-
21 trator intends to extend such application
22 period; and

23 “(ii) not later than 10 days before the
24 closing date of an application period for
25 disaster relief under the Robert T. Staf-

1 ford Disaster Relief and Emergency Assist-
2 ance Act for any major disaster (as that
3 term is defined in section 102 of the Rob-
4 ert T. Stafford Disaster Relief and Emer-
5 gency Assistance Act (42 U.S.C. 5122))
6 for which the President has declared a cat-
7 astrophic national disaster under para-
8 graph (6), the Director of the Federal
9 Emergency Management Agency, in con-
10 sultation with the Administrator, shall no-
11 tify the Committee on Small Business and
12 Entrepreneurship of the Senate and the
13 Committee on Small Business of the
14 House of Representatives as to whether
15 the Director intends to extend such appli-
16 cation period.

17 “(8) PUBLIC AWARENESS OF DISASTERS.—If a
18 disaster (including a catastrophic national disaster)
19 is declared under this subsection, the Administrator
20 shall make every effort to communicate through
21 radio, television, print, and web-based outlets, all
22 relevant information needed by disaster loan appli-
23 cants, including—

24 “(A) the date of such declaration;

1 “(B) cities and towns within the area of
2 such declaration;

3 “(C) loan application deadlines related to
4 such disaster;

5 “(D) all relevant contact information for
6 victim services available through the Adminis-
7 tration (including links to small business devel-
8 opment center websites);

9 “(E) links to relevant Federal and State
10 disaster assistance websites;

11 “(F) information on eligibility criteria for
12 Federal Emergency Management Agency dis-
13 aster assistance applications, as well as for Ad-
14 ministration loan programs, including where
15 such applications can be found; and

16 “(G) application materials that clearly
17 state the function of the Administration as the
18 Federal source of disaster loans for homeowners
19 and renters.”.

20 (b) COORDINATION OF AGENCIES AND OUTREACH.—

21 Not later than 90 days after the date of enactment of this
22 Act, the Administrator and the Director of the Federal
23 Emergency Management Agency shall enter into an agree-
24 ment that ensures adequate lodging and transportation for
25 employees of the Administration, contract employees, and

1 volunteers during a major disaster, if such staff are need-
2 ed to assist businesses, homeowners, or renters in recov-
3 ery.

4 (c) MARKETING AND OUTREACH.—Not later than 90
5 days after the date of enactment of this Act, the Adminis-
6 trator shall create a marketing and outreach plan that—

7 (1) encourages a proactive approach to the dis-
8 aster relief efforts of the Administration;

9 (2) distinguishes between disaster services pro-
10 vided by the Administration and disaster services
11 provided by the Federal Emergency Management
12 Agency, including contact information, application
13 information, and timelines for submitting applica-
14 tions, the review of applications, and the disburse-
15 ment of funds;

16 (3) describes the different disaster loan pro-
17 grams of the Administration, including how they are
18 made available and what eligibility requirements
19 exist for each loan program;

20 (4) provides for regional marketing, focusing on
21 disasters occurring in each region before the date of
22 enactment of this Act, and likely scenarios for disas-
23 ters in each such region; and

1 (5) ensures that the marketing plan is made
2 available at small business development centers and
3 on the website of the Administration.

4 **SEC. 455. CONSISTENCY BETWEEN ADMINISTRATION REGU-**
5 **LATIONS AND STANDARD OPERATING PROCE-**
6 **DURES.**

7 (a) IN GENERAL.—The Administrator shall, prompt-
8 ly following the date of enactment of this Act, conduct
9 a study of whether the standard operating procedures of
10 the Administration for loans offered under section 7(b) of
11 the Small Business Act are consistent with the regulations
12 of the Administration for administering the disaster loan
13 program.

14 (b) REPORT.—Not later than 180 days after the date
15 of enactment of this Act, the Administration shall submit
16 to Congress a report containing all findings and rec-
17 ommendations of the study conducted under subsection
18 (a).

19 **SEC. 456. PROCESSING DISASTER LOANS.**

20 (a) AUTHORITY FOR QUALIFIED PRIVATE CONTRAC-
21 TORS TO PROCESS DISASTER LOANS.—Section 7(b) of the
22 Small Business Act (15 U.S.C. 636(b)) is amended by in-
23 serting immediately after paragraph (8), as added by this
24 Act, the following:

1 “(9) AUTHORITY FOR QUALIFIED PRIVATE CON-
2 TRACTORS.—

3 “(A) DISASTER LOAN PROCESSING.—The
4 Administrator may enter into an agreement
5 with a qualified private contractor, as deter-
6 mined by the Administrator, to process loans
7 under this subsection in the event of a major
8 disaster (as defined in section 102 of the Rob-
9 ert T. Stafford Disaster Relief and Emergency
10 Assistance Act (42 U.S.C. 5122)) or a cata-
11 strophic national disaster declared under para-
12 graph (6), under which the Administrator shall
13 pay the contractor a fee for each loan proc-
14 essed.

15 “(B) LOAN LOSS VERIFICATION SERV-
16 ICES.—The Administrator may enter into an
17 agreement with a qualified lender or loss
18 verification professional, as determined by the
19 Administrator, to verify losses for loans under
20 this subsection in the event of a major disaster
21 (as defined in section 102 of the Robert T.
22 Stafford Disaster Relief and Emergency Assist-
23 ance Act (42 U.S.C. 5122)) or a catastrophic
24 national disaster declared under paragraph (6),
25 under which the Administrator shall pay the

1 lender or verification professional a fee for each
 2 loan for which such lender or verification pro-
 3 fessional verifies losses.”.

4 (b) COORDINATION OF EFFORTS BETWEEN THE AD-
 5 MINISTRATOR AND THE INTERNAL REVENUE SERVICE TO
 6 EXPEDITE LOAN PROCESSING.—The Administrator and
 7 the Commissioner of Internal Revenue shall, to the max-
 8 imum extent practicable, ensure that all relevant and al-
 9 lowable tax records for loan approval are shared with loan
 10 processors in an expedited manner, upon request by the
 11 Administrator.

12 (c) REPORT ON LOAN APPROVAL RATE.—

13 (1) IN GENERAL.—Not later than 6 months
 14 after the date of enactment of this Act, the Adminis-
 15 trator shall submit a report to the Committee on
 16 Small Business and Entrepreneurship of the Senate
 17 and the Committee on Small Business of the House
 18 of Representatives detailing how the Administration
 19 can improve the processing of applications under the
 20 disaster loan program of the Administration.

21 (2) CONTENTS.—The report submitted under
 22 paragraph (1) shall include—

23 (A) recommendations, if any, regarding—
 24 (i) staffing levels during a major dis-
 25 aster;

1 (ii) how to improve the process for
2 processing, approving, and disbursing
3 loans under the disaster loan program of
4 the Administration, to ensure that the
5 maximum assistance is provided to victims
6 in a timely manner;

7 (iii) the viability of using alternative
8 methods for assessing the ability of an ap-
9 plicant to repay a loan, included the credit
10 score of the applicant on the day before
11 the date on which the disaster for which
12 the applicant is seeking assistance was de-
13 clared; and

14 (iv) methods for the Administration to
15 expedite loss verification and loan proc-
16 essing of disaster loans during a major dis-
17 aster for businesses affected by, and lo-
18 cated in the area for which the President
19 declared, the major disaster that are a
20 major source of employment in the area or
21 are vital to recovery efforts in the region
22 (including providing debris removal serv-
23 ices, manufactured housing, or building
24 materials); and

1 (B) the plans of the Administrator for im-
2 plementing any recommendation made under
3 subparagraph (A).

4 **SEC. 457. DEVELOPMENT AND IMPLEMENTATION OF**
5 **MAJOR DISASTER RESPONSE PLAN.**

6 (a) IN GENERAL.—Not later than January 31, 2007,
7 the Administrator shall—

8 (1) by rule, amend the 2006 Atlantic hurricane
9 season disaster response plan of the Administration
10 (in this section referred to as the “disaster response
11 plan”) to apply to major disasters and catastrophic
12 national disasters, consistent with this Act and the
13 amendments made by this Act; and

14 (2) submit a report to the Committee on Small
15 Business and Entrepreneurship of the Senate and
16 the Committee on Small Business of the House of
17 Representatives detailing the amendments to the dis-
18 aster response plan.

19 (b) CONTENTS.—The amended report required under
20 subsection (a)(2) shall include—

21 (1) any updates or modifications made to the
22 disaster response plan since the report regarding the
23 disaster response plan submitted on July 14, 2006;

24 (2) a description of how the Administrator
25 plans to utilize and integrate District Office per-

1 sonnel of the Administration in the response to a
2 major disaster, including information on the utiliza-
3 tion of personnel for loan processing and loan dis-
4 bursement;

5 (3) a description of the disaster scalability
6 model of the Administration and on what basis or
7 function the plan is scaled;

8 (4) a description of how the agency-wide Dis-
9 aster Oversight Council is structured, which offices
10 comprise its membership, and whether the Associate
11 Deputy Administrator for Entrepreneurial Develop-
12 ment of the Administration is a member;

13 (5) a description of how the Administrator
14 plans to coordinate the disaster efforts of the Ad-
15 ministration with State and local government offi-
16 cials, including recommendations on how to better
17 incorporate State initiatives or programs, such as
18 State-administered bridge loan programs, into the
19 disaster response of the Administration;

20 (6) recommendations, if any, on how the Ad-
21 ministrator can better coordinate its disaster re-
22 sponse operations with the operations of the Depart-
23 ment of Commerce and the Department of Agri-
24 culture;

1 (7) any surge plans of the Administration for
2 loan processing and loss verification functions;

3 (8) a description of the findings and rec-
4 ommendations of the Administrator, if any, based on
5 a review of the response of the Administration to
6 Hurricane Katrina of 2005, Hurricane Rita of 2005,
7 and Hurricane Wilma of 2005; and

8 (9) a plan for how the Administrator, in co-
9 operation with the Director of the Federal Emer-
10 gency Management Agency, will secure accommoda-
11 tions and necessary resources for disaster assistance
12 personnel to effectively perform their responsibilities
13 in the aftermath of a major disaster.

14 (c) EXERCISES.—Not later than May 31, 2007, the
15 Administrator shall develop and execute simulation exer-
16 cises to demonstrate the effectiveness of the amended dis-
17 aster response plan required under this section.

18 **SEC. 458. CONGRESSIONAL OVERSIGHT.**

19 (a) MONTHLY ACCOUNTING REPORT TO CON-
20 GRESS.—

21 (1) IN GENERAL.—On the first Monday of each
22 month after the date of enactment of this Act, the
23 Administrator shall provide to the Committee on
24 Small Business and Entrepreneurship of the Senate
25 and to the Committee on Small Business of the

1 House of Representatives a report on the disaster
2 loan program of the Administration for the pre-
3 ceding month.

4 (2) CONTENTS.—Each report under paragraph
5 (1) shall include—

6 (A) the daily average lending volume, in
7 number of loans and dollars, and the percent by
8 which each category has increased or decreased
9 since the previous report under paragraph (1);

10 (B) the weekly average lending volume, in
11 number of loans and dollars, and the percent by
12 which each category has increased or decreased
13 since the previous report under paragraph (1);

14 (C) the amount of funding spent over the
15 month for loans, both in appropriations and
16 program level, and the percent by which each
17 category has increased or decreased since the
18 previous report under paragraph (1);

19 (D) the amount of funding available for
20 loans, both in appropriations and program level,
21 and the percent by which each category has in-
22 creased or decreased since the previous report
23 under paragraph (1), noting the source of any
24 additional funding;

1 (E) an estimate of how long the available
2 funding for such loans will last, based on the
3 spending rate;

4 (F) the amount of funding spent over the
5 month for staff, along with the number of staff,
6 and the percent by which each category has in-
7 creased or decreased since the previous report
8 under paragraph (1);

9 (G) the amount of funding spent over the
10 month for administrative costs, and the percent
11 by which spending has increased or decreased
12 since the previous report under paragraph (1);

13 (H) the amount of funding available for
14 salaries and expenses combined, and the per-
15 cent by which funding has increased or de-
16 creased, noting the source of any additional
17 funding; and

18 (I) an estimate of how long the available
19 funding for salaries and expenses will last,
20 based on the spending rate.

21 (b) DAILY DISASTER UPDATES TO CONGRESS FOR
22 PRESIDENTIALLY DECLARED DISASTERS.—

23 (1) IN GENERAL.—Each day during a disaster
24 update period, excluding Federal holidays and week-
25 ends, the Administrator shall provide to the Com-

1 mittee on Small Business and Entrepreneurship of
2 the Senate and to the Committee on Small Business
3 of the House of Representatives a report on the op-
4 eration of the disaster loan program of the Adminis-
5 tration for the area in which the President declared
6 a major disaster or a catastrophic national disaster,
7 as the case may be.

8 (2) CONTENTS.—Each report under paragraph
9 (1) shall include—

10 (A) the allocations of loan processing, loss
11 verification, and additional field staff at Admin-
12 istration offices nationwide, as well as the allo-
13 cations of such staff at the various disaster
14 field offices, disaster recovery centers, and
15 workshops in each State in the relevant area;

16 (B) the daily number of applications re-
17 ceived from applicants in the relevant area, as
18 well as a breakdown of such figures by State;

19 (C) the daily number of applications pend-
20 ing application entry from applicants in the rel-
21 evant area, as well as a breakdown of such fig-
22 ures by State;

23 (D) the daily number of applications with-
24 drawn by applicants in the relevant area, as
25 well as a breakdown of such figures by State;

1 (E) the daily number of applications sum-
2 marily declined by the Administrator from ap-
3 plicants in the relevant area, as well as a break-
4 down of such figures by State;

5 (F) the daily number of applications de-
6 clined by the Administrator from applicants in
7 the relevant area, as well as a breakdown of
8 such figures by State;

9 (G) the daily number of applications in
10 process from applicants in the relevant area, as
11 well as a breakdown of such figures by State;

12 (H) the daily number of applications ap-
13 proved by the Administrator from applicants in
14 the relevant area, as well as a breakdown of
15 such figures by State;

16 (I) the daily dollar amount of applications
17 approved by the Administrator from applicants
18 in the relevant area, as well as a breakdown of
19 such figures by State;

20 (J) the daily amount of loans dispersed,
21 both partially and fully, by the Administrator to
22 applicants in the relevant area, as well as a
23 breakdown of such figures by State;

24 (K) the daily dollar amount of loans dis-
25 persed, both partially and fully, from the rel-

1 evant area, as well as a breakdown of such fig-
2 ures by State;

3 (L) the number of applications approved,
4 including dollar amount approved, as well as
5 applications partially and fully dispersed, in-
6 cluding dollar amounts, since the last report
7 under paragraph (1); and

8 (M) the declaration date, physical damage
9 closing date, economic injury closing date, and
10 number of counties included in the declaration
11 of a major disaster.

12 (c) REPORT ON NEED FOR SUPPLEMENTAL
13 FUNDS.—Not later than 3 months before the date on
14 which the Administrator estimates funding will no longer
15 be available for the disaster loan program of the Adminis-
16 tration in any fiscal year, the Administrator shall submit
17 a report to the Committee on Small Business and Entre-
18 preneurship of the Senate and to the Committee on Small
19 Business of the House of Representatives regarding the
20 need for supplemental funds for such loan program, in-
21 cluding the amount needed to sustain such loan program
22 at current funding rates through the end of the fiscal year
23 in which the Administrator submits such report.

24 (d) REPORT ON CONTRACTING.—

1 (1) IN GENERAL.—Not later than 6 months
2 after the date on which a declared disaster is de-
3 clared, and every 6 months thereafter until the date
4 that is 18 months after the date on which the de-
5 clared disaster was declared, the Administrator shall
6 submit a report to the Committee on Small Business
7 and Entrepreneurship of the Senate and to the Com-
8 mittee on Small Business of the House of Rep-
9 resentatives regarding Federal contracts awarded as
10 a result of the declared disaster.

11 (2) CONTENTS.—Each report submitted under
12 paragraph (1) shall include—

13 (A) the total number of contracts awarded
14 as a result of the declared disaster;

15 (B) the total number of contracts awarded
16 to small business concerns as a result of the de-
17 clared disaster;

18 (C) the total number of contracts awarded
19 to women and minority-owned businesses as a
20 result of the declared disaster; and

21 (D) the total number of contracts awarded
22 to local businesses as a result of the declared
23 disaster.

1 **Subtitle D—Energy Emergencies**

2 **SEC. 471. FINDINGS.**

3 Congress finds that—

4 (1) a significant number of small business con-
5 cerns in the United States, nonfarm as well as agri-
6 cultural producers, use heating oil, natural gas, pro-
7 pane, or kerosene to heat their facilities and for
8 other purposes;

9 (2) a significant number of small business con-
10 cerns in the United States sell, distribute, market,
11 or otherwise engage in commerce directly related to
12 heating oil, natural gas, propane, and kerosene; and

13 (3) significant increases in the price of heating
14 oil, natural gas, propane, or kerosene—

15 (A) disproportionately harm small business
16 concerns dependent on those fuels or that use,
17 sell, or distribute those fuels in the ordinary
18 course of their business, and can cause them
19 substantial economic injury;

20 (B) can negatively affect the national econ-
21 omy and regional economies;

22 (C) have occurred in the winters of 1983
23 to 1984, 1988 to 1989, 1996 to 1997, 1999 to
24 2000, 2000 to 2001, and 2004 to 2005; and

(D) can be caused by a host of factors, including international conflicts, global or regional supply difficulties, weather conditions, insufficient inventories, refinery capacity, transportation, and competitive structures in the markets, causes that are often unforeseeable to, and beyond the control of, those who own and operate small business concerns.

**SEC. 472. SMALL BUSINESS ENERGY EMERGENCY DISASTER
LOAN PROGRAM.**

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting after paragraph (9), as added by this Act, the following:

“(10) ENERGY EMERGENCIES.—

“(A) DEFINITIONS.—In this paragraph—

“(i) the term ‘base price index’ means the moving average of the closing unit price on the New York Mercantile Exchange for heating oil, natural gas, or propane for the 10 days, in each of the most recent 2 preceding years, which correspond to the trading days described in clause (ii);

“(ii) the term ‘current price index’ means the moving average of the closing unit price on the New York Mercantile Ex-

1 change, for the 10 most recent trading
2 days, for contracts to purchase heating oil,
3 natural gas, or propane during the subse-
4 quent calendar month, commonly known as
5 the ‘front month’;

6 “(iii) the term ‘heating fuel’ means
7 heating oil, natural gas, propane, or ker-
8 osene; and

9 “(iv) the term ‘significant increase’
10 means—

11 “(I) with respect to the price of
12 heating oil, natural gas, or propane,
13 any time the current price index ex-
14 ceeds the base price index by not less
15 than 40 percent; and

16 “(II) with respect to the price of
17 kerosene, any increase which the Ad-
18 ministrator, in consultation with the
19 Secretary of Energy, determines to be
20 significant.

21 “(B) AUTHORIZATION.—The Administra-
22 tion may make such loans, either directly or in
23 cooperation with banks or other lending institu-
24 tions through agreements to participate on an
25 immediate or deferred basis, to assist a small

1 business concern that has suffered or that is
2 likely to suffer substantial economic injury as
3 the result of a significant increase in the price
4 of heating fuel occurring on or after October 1,
5 2004.

6 “(C) INTEREST RATE.—Any loan or guar-
7 antee extended under this paragraph shall be
8 made at the same interest rate as economic in-
9 jury loans under paragraph (2).

10 “(D) MAXIMUM AMOUNT.—No loan may
11 be made under this paragraph, either directly
12 or in cooperation with banks or other lending
13 institutions through agreements to participate
14 on an immediate or deferred basis, if the total
15 amount outstanding and committed to the bor-
16 rower under this subsection would exceed
17 \$1,500,000, unless such borrower constitutes a
18 major source of employment in its surrounding
19 area, as determined by the Administrator, in
20 which case the Administrator, in the discretion
21 of the Administrator, may waive the \$1,500,000
22 limitation.

23 “(E) DECLARATIONS.—For purposes of
24 assistance under this paragraph—

1 “(i) a declaration of a disaster area
2 based on conditions specified in this para-
3 graph shall be required, and shall be made
4 by the President or the Administrator; or

5 “(ii) if no declaration has been made
6 under clause (i), the Governor of a State
7 in which a significant increase in the price
8 of heating fuel has occurred may certify to
9 the Administration that small business
10 concerns have suffered economic injury as
11 a result of such increase and are in need
12 of financial assistance which is not other-
13 wise available on reasonable terms in that
14 State, and upon receipt of such certifi-
15 cation, the Administration may make such
16 loans as would have been available under
17 this paragraph if a disaster declaration
18 had been issued.

19 “(F) USE OF FUNDS.—Notwithstanding
20 any other provision of law, loans made under
21 this paragraph may be used by a small business
22 concern described in subparagraph (B) to con-
23 vert from the use of heating fuel to a renewable
24 or alternative energy source, including agri-
25 culture and urban waste, geothermal energy, co-

1 generation, solar energy, wind energy, or fuel
2 cells.”.

3 (b) CONFORMING AMENDMENTS RELATING TO
4 HEATING FUEL.—Section 3(k) of the Small Business Act
5 (15 U.S.C. 632(k)) is amended—

6 (1) by inserting “, significant increase in the
7 price of heating fuel” after “civil disorders”; and

8 (2) by inserting “other” before “economic”.

9 (c) EFFECTIVE PERIOD.—The amendments made by
10 this section shall apply during the 4-year period beginning
11 on the date on which guidelines are published by the Ad-
12 ministrator under section 474.

13 **SEC. 473. AGRICULTURAL PRODUCER EMERGENCY LOANS.**

14 (a) IN GENERAL.—Section 321(a) of the Consoli-
15 dated Farm and Rural Development Act (7 U.S.C.
16 1961(a)) is amended—

17 (1) in the first sentence—

18 (A) by striking “operations have” and in-
19 serting “operations (i) have”; and

20 (B) by inserting before “: *Provided*,” the
21 following: “, or (ii)(I) are owned or operated by
22 such an applicant that is also a small business
23 concern (as defined in section 3 of the Small
24 Business Act (15 U.S.C. 632)), and (II) have
25 suffered or are likely to suffer substantial eco-

1 nomic injury on or after October 1, 2004, as
2 the result of a significant increase in energy
3 costs or input costs from energy sources occur-
4 ring on or after October 1, 2004, in connection
5 with an energy emergency declared by the
6 President or the Secretary”;

7 (2) in the third sentence, by inserting before
8 the period at the end the following: “or by an energy
9 emergency declared by the President or the Sec-
10 retary”; and

11 (3) in the fourth sentence—

12 (A) by inserting “or energy emergency”
13 after “natural disaster” each place that term
14 appears; and

15 (B) by inserting “or declaration” after
16 “emergency designation”.

17 (b) FUNDING.—Funds available on the date of enact-
18 ment of this Act for emergency loans under subtitle C of
19 the Consolidated Farm and Rural Development Act (7
20 U.S.C. 1961 et seq.) shall be available to carry out the
21 amendments made by subsection (a) to meet the needs re-
22 sulting from energy emergencies.

23 (c) EFFECTIVE PERIOD.—The amendments made by
24 this section shall apply during the 4-year period beginning

1 on the date on which guidelines are published by the Sec-
2 retary of Agriculture under section 474.

3 **SEC. 474. GUIDELINES AND RULEMAKING.**

4 (a) GUIDELINES.—Not later than 30 days after the
5 date of enactment of this Act, the Administrator and the
6 Secretary of Agriculture shall each issue such guidelines
7 as the Administrator or the Secretary, as applicable, de-
8 termines to be necessary to carry out this subtitle and the
9 amendments made by this subtitle.

10 (b) RULEMAKING.—Not later than 30 days after the
11 date of enactment of this Act, the Administrator, after
12 consultation with the Secretary of Energy, shall promul-
13 gate regulations specifying the method for determining a
14 significant increase in the price of kerosene under section
15 7(b)(10)(A)(iv)(II) of the Small Business Act, as added
16 by this Act.

17 **SEC. 475. REPORTS.**

18 (a) SMALL BUSINESS ADMINISTRATION.—Not later
19 than 12 months after the date on which the Administrator
20 issues guidelines under section 474, and annually there-
21 after until the date that is 12 months after the end of
22 the effective period of section 7(b)(10) of the Small Busi-
23 ness Act, as added by this Act, the Administrator shall
24 submit to the Committee on Small Business and Entrepre-
25 neurship of the Senate and the Committee on Small Busi-

ness of the House of Representatives, a report on the effectiveness of the assistance made available under section 7(b)(10) of the Small Business Act, as added by this Act, including—

(1) the number of small business concerns that applied for a loan under such section and the number of those that received such loans;

(2) the dollar value of those loans;

(3) the States in which the small business concerns that received such loans are located;

(4) the type of heating fuel or energy that caused the significant increase in the cost for the participating small business concerns; and

(5) recommendations for ways to improve the assistance provided under such section 7(b)(10), if any.

(b) DEPARTMENT OF AGRICULTURE.—Not later than 12 months after the date on which the Secretary of Agriculture issues guidelines under section 474, and annually thereafter until the date that is 12 months after the end of the effective period of the amendments made to section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) by this subtitle, the Secretary shall submit to the Committee on Small Business and Entrepreneurship and the Committee on Agriculture, Nutrition,

1 and Forestry of the Senate and the Committee on Small
2 Business and the Committee on Agriculture of the House
3 of Representatives, a report that—

4 (1) describes the effectiveness of the assistance
5 made available under section 321(a) of the Consoli-
6 dated Farm and Rural Development Act (7 U.S.C.
7 1961(a)); and

8 (2) contains recommendations for ways to im-
9 prove the assistance provided under such section
10 321(a), if any.

11 **TITLE V—VETERANS AND MEM-**
12 **BERS OF THE GUARD AND RE-**
13 **SERVE**

14 **SEC. 501. DEFINITIONS.**

15 In this title—

16 (1) the terms “active duty” and “military de-
17 partment” have the meaning given the terms in sec-
18 tion 101 of title 10, United States Code;

19 (2) the term “member of the Guard or Re-
20 serve” means a member of a reserve component of
21 the Armed Forces, as defined in section 10101 of
22 title 10, United States Code;

23 (3) the term “Secretary” means the Secretary
24 of Defense; and

1 (4) the term “veteran” has the same meaning
2 as in section 101(2) of title 38, United States Code.

3 **Subtitle A—Veterans**

4 **SEC. 521. FINDINGS.**

5 Congress finds the following:

6 (1) From September 2001 through November
7 2004, approximately 410,000 members of the Guard
8 or Reserve, have been mobilized in support of United
9 States military operations.

10 (2) According to 2004 data from the Manpower
11 Data Center of the Department of Defense, an esti-
12 mated 35 percent of members of the Guard or Re-
13 serve are either self-employed or own or are em-
14 ployed by a small business concern.

15 (3) The majority of privately employed mem-
16 bers of the Guard or Reserve either work for a small
17 business concern or are self-employed.

18 (4) As a result of activations, many small busi-
19 ness concerns have been forced to go without their
20 owners and key personnel for months, and some-
21 times years, on end.

22 (5) The effects have been devastating to such
23 patriotic small business concerns.

24 (6) The Office of Veterans Business Develop-
25 ment of the Administration has made a concerted ef-

1 fort to reach out to small business concerns affected
2 by deployments, but given the sheer numbers of
3 those deployed, their resources have been stretched
4 thin.

5 (7) In addition, the Office of Veterans Business
6 Development has been required to broaden its deliv-
7 ery of services, as directed by Executive Order
8 13360, to provide procurement training programs
9 for service-disabled veterans.

10 (8) The purpose of this subtitle is to stem the
11 effects of deployments of members of the Guard or
12 Reserve on small business concerns, and better as-
13 sist veterans and service-disabled veterans with their
14 business needs.

15 **SEC. 522. INCREASED FUNDING FOR THE OFFICE OF VET-**
16 **ERANS BUSINESS DEVELOPMENT.**

17 There is authorized to be appropriated to the Office
18 of Veterans Business Development of the Administration,
19 and to remain available until expended—

- 20 (1) \$2,000,000 for fiscal year 2007;
21 (2) \$2,100,000 for fiscal year 2008; and
22 (3) \$2,200,000 for fiscal year 2009.

1 **SEC. 523. EXTENSION OF ADVISORY COMMITTEE ON VET-**
 2 **ERANS BUSINESS AFFAIRS.**

3 Section 203(h) of the Veterans Entrepreneurship and
 4 Small Business Development Act of 1999 (15 U.S.C. 657b
 5 note) is amended by striking “September 30, 2006” and
 6 inserting “September 30, 2009”.

7 **SEC. 524. RELIEF FROM TIME LIMITATIONS FOR VETERAN-**
 8 **OWNED SMALL BUSINESSES.**

9 Section 3(q) of the Small Business Act (15 U.S.C.
 10 632(q)) is amended by adding at the end the following:

11 “(5) RELIEF FROM TIME LIMITATIONS.—

12 “(A) IN GENERAL.—Any time limitation
 13 on any qualification, certification, or period of
 14 participation imposed under this Act on any
 15 program available to small business concerns
 16 shall be extended for a small business concern
 17 that—

18 “(i) is owned and controlled by—

19 “(I) a veteran who was called or
 20 ordered to active duty under a provi-
 21 sion of law specified in section
 22 101(a)(13)(B) of title 10, United
 23 States, on or after September 11,
 24 2001; or

25 “(II) a service-disabled veteran
 26 who became such a veteran due to an

injury or illness incurred or aggravated in the active military, naval, or air service during a period of active duty under a call or order to active duty under a provision of law referred to in subclause (I) on or after September 11, 2001; and

“(ii) was subject to the time limitation during such period of active duty.

“(B) DURATION.—Upon submission of proper documentation to the Administrator, the extension of a time limitation under subparagraph (A) shall be equal to the period of time that such veteran who owned or controlled such a concern was on active duty as described in that subparagraph.”.

Subtitle B—Guard and Reserve

SEC. 541. GUARD AND RESERVE LOANS.

(a) IN GENERAL.—Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) is amended—

(1) in subparagraph (E), by striking “\$1,500,000” each place such term appears and inserting “\$2,000,000”; and

(2) by adding at the end the following:

1 “(G) Notwithstanding any other provision
2 of law, a loan not greater than \$25,000 may be
3 made under this paragraph without collateral.

4 “(H) The Administrator shall give priority
5 to any application for a loan under this para-
6 graph, and shall process and make a determina-
7 tion regarding such applications prior to proc-
8 essing or making a determination on other loan
9 applications under this subsection, on a rolling
10 basis.”.

11 (b) LOAN INFORMATION.—

12 (1) IN GENERAL.—The Administrator and the
13 Secretary shall develop a joint website and printed
14 materials providing information regarding the pro-
15 gram under section 7(b)(3) of the Small Business
16 Act.

17 (2) MARKETING.—The Administrator is author-
18 ized—

19 (A) to advertise and promote the program
20 under section 7(b)(3) of the Small Business Act
21 jointly with the Secretary and veteran’s service
22 organizations; and

23 (B) to advertise and promote participation
24 by lenders in such program jointly with trade

1 associations for banks or other lending institu-
2 tions.

3 **SEC. 542. STUDY OF INSURANCE PROGRAM FOR MEMBERS**
4 **OF THE GUARD AND RESERVE.**

5 (a) IN GENERAL.—The Administrator and the Sec-
6 retary shall jointly conduct a study of the feasibility of—

7 (1) creating a business mobilization and inter-
8 ruption insurance program for members of the
9 Guard or Reserve who own or operate small business
10 concerns;

11 (2) creating an insurance program to repay
12 debts to the Administrator in the event of the death
13 or significant injury of a member of the Guard or
14 Reserve who is on active duty; and

15 (3) increasing the use of credit unions affiliated
16 with the Department of Defense in programs admin-
17 istered by the Administrator.

18 (b) REPORT.—Not later than 6 months after the date
19 of enactment of this Act, the Administrator and the Sec-
20 retary shall submit a joint report to the Committee on
21 Small Business and Entrepreneurship of the Senate and
22 the Committee on Small Business of the House of Rep-
23 resentatives regarding the study conducted under sub-
24 section (a).

1 **SEC. 543. GRANT ASSISTANCE FOR MILITARY RESERVISTS'**

2 **SMALL BUSINESS CONCERNS.**

3 (a) AUTHORIZATION OF GRANTS.—Section
4 7(b)(3)(B) of the Small Business Act (15 U.S.C.
5 636(b)(3)(B)) is amended by inserting “or grants” after
6 “or deferred basis”).

7 (b) GRANT SPECIFICATIONS.—Section 7(b)(3) of the
8 Small Business Act (15 U.S.C. 636(b)(3)), as amended
9 by this Act, is amended by adding at the end the following:

10 “(I) Grants made under subparagraph
11 (B)—

12 “(i) may be awarded in addition to
13 any loan made under subparagraph (B);

14 “(ii) shall not exceed \$25,000; and

15 “(iii) shall be made only to a small
16 business concern—

17 “(I) that provides a business plan
18 demonstrating viability for not less
19 than 3 future years;

20 “(II) with 10 or fewer employees;

21 “(III) that has not received an-
22 other grant under subparagraph (B)
23 in the previous 2 years.”.

24 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
25 20(e)(2) of the Small Business Act (15 U.S.C. 631 note),

1 as amended by this Act, is amended by inserting after sub-
 2 paragraph (B) the following:

3 “(C) GRANT ASSISTANCE FOR MILITARY
 4 RESERVISTS’ SMALL BUSINESSES.—There are
 5 authorized to be appropriated for grants under
 6 section 7(b)(3)(B) for each of fiscal years 2007
 7 through 2009.”.

8 **Subtitle C—Veterans Corporation**

9 **SEC. 561. PURPOSES OF THE CORPORATION.**

10 (a) PURPOSES.—Section 33(b) of the Small Business
 11 Act (15 U.S.C. 657c(b)) is amended—

12 (1) by striking paragraph (1) and inserting the
 13 following:

14 “(1) to establish and maintain a national net-
 15 work of information and assistance centers for use
 16 by veterans and the public, by—

17 “(A) providing information regarding small
 18 business oriented employment or development
 19 programs;

20 “(B) providing access to studies and re-
 21 search concerning the management, financing,
 22 and operation of small business enterprises,
 23 small business participation in international
 24 markets, export promotion, and technology
 25 transfer;

1 “(C) providing referrals to business ana-
 2 lysts who can provide direct counseling to vet-
 3 eran small business concern owners regarding
 4 the subjects described in this section;

5 “(D) serving as an information clearing-
 6 house for business development and entrepre-
 7 neurial assistance materials, as well as other
 8 veteran assistance materials, as determined nec-
 9 essary, that are provided by Federal, State and
 10 local governments; and

11 “(E) providing assistance to veterans and
 12 service-disabled veterans in efforts to gain ac-
 13 cess to Federal prime contracts and sub-
 14 contracts; and”; and

15 (2) in paragraph (2), by striking “including
 16 service-disabled veterans” and inserting “particu-
 17 larly service-disabled veterans”.

18 **SEC. 562. MANAGEMENT OF THE CORPORATION.**

19 (a) APPOINTMENTS TO THE BOARD.—Section
 20 33(c)(2) of the Small Business Act (15 U.S.C. 657c(c)(2))
 21 is amended to read as follows:

22 “(2) APPOINTMENT OF VOTING MEMBERS.—

23 “(A) IN GENERAL.—The President shall,
 24 after considering recommendations proposed
 25 under subparagraph (B), appoint the 9 voting

1 members of the Board, all of whom shall be
2 United States citizens, and not more than 5 of
3 whom shall be members of the same political
4 party.

5 “(B) RECOMMENDATIONS.—Recommendations shall be submitted to the President for ap-
6 pointments under this paragraph by the chair-
7 man or ranking member of the Committee on
8 Small Business and Entrepreneurship or the
9 Committee on Veterans Affairs of the Senate or
10 the Committee on Small Business or the Com-
11 mittee on Veterans Affairs of the House of
12 Representatives.

14 “(C) CONSULTATION WITH VETERAN OR-
15 GANIZATIONS.—Recommendations under sub-
16 paragraph (B) shall be made after consultation
17 with such veteran service organizations as are
18 determined appropriate by the member of Con-
19 gress making the recommendation.

20 “(D) CONSIDERATIONS.—Consideration for
21 eligibility for membership on the Board shall in-
22 clude business experience, knowledge of vet-
23 erans’ issues, and ability to raise funds for the
24 Corporation.

1 “(E) LIMITATION ON INTERNAL REC-
 2 COMMENDATIONS.—No member of the Board
 3 may recommend an individual for appointment
 4 to another position on the Board.”.

5 (b) TERMS.—Section 33(c)(6) of the Small Business
 6 Act (15 U.S.C. 657c(c)(6)) is amended to read as follows:

7 “(6) TERMS OF APPOINTED MEMBERS.—

8 “(A) IN GENERAL.—Each member of the
 9 Board of Directors appointed under paragraph
 10 (2) shall serve for a term of 4 years.

11 “(B) UNEXPIRED TERMS.—Any member of
 12 the Board of Directors appointed to fill a va-
 13 cancy occurring before the expiration of the
 14 term for which the member’s predecessor was
 15 appointed shall be appointed only for the re-
 16 mainder of the term. A member of the Board
 17 of Directors may not serve beyond the expira-
 18 tion of the term for which the member is ap-
 19 pointed.”.

20 (c) REMOVAL OF BOARD MEMBERS.—Section 33(c)
 21 of the Small Business Act (15 U.S.C. 657c(c)) is amended
 22 by adding at the end the following:

23 “(12) REMOVAL OF MEMBERS.—With the ap-
 24 proval of a majority of the Board of Directors and
 25 the approval of the chairmen and ranking members

1 of the Committee on Small Business and Entrepre-
 2 neurship and the Committee on Veterans Affairs of
 3 the Senate, the Corporation may remove a member
 4 of the Board of Directors that is deemed unable to
 5 fulfill his or her duties, as established under this
 6 section.”.

7 **SEC. 563. TIMING OF TRANSFER OF ADVISORY COMMITTEE**
 8 **DUTIES.**

9 Section 33(h) of the Small Business Act (15 U.S.C.
 10 657c(h)) is amended by striking “October 1, 2006” and
 11 inserting “October 1, 2009”.

12 **SEC. 564. AUTHORIZATION OF APPROPRIATIONS.**

13 Section 33(k) of the Small Business Act (15 U.S.C.
 14 657c(k)(1)) is amended—

15 (1) in paragraph (1)—

16 (A) by inserting “, through the Office of
 17 Veteran’s Business Development of the Admin-
 18 istration,” after “to the Corporation”; and

19 (B) by striking subparagraphs (A) through
 20 (D) and inserting the following:

21 “(A) \$2,000,000 for fiscal year 2007;

22 “(B) \$2,000,000 for fiscal year 2008; and

23 “(C) \$2,000,000 for fiscal year 2009.”;

24 (2) by striking paragraph (2) and inserting the
 25 following:

1 “(2) MATCHING REQUIREMENTS.—

2 “(A) IN GENERAL.—The Administration
3 shall require, as a condition of any grant (or
4 amendment or modification thereto) made to
5 the Corporation under this section, that a
6 matching amount (excluding any fees collected
7 from recipients of such assistance) equal to the
8 amount of such grant be provided from sources
9 other than the Federal Government.

10 “(B) LIMITATION.—Not more than 33 per-
11 cent of the total revenue of the Corporation, in-
12 cluding the funds raised for use at the Vet-
13 eran’s Business Resource Centers, may be ac-
14 quired from fee-for-service tools or direct
15 charge to the veteran receiving services, as de-
16 scribed in this section, except that the amount
17 of any such fee or charge may not exceed the
18 amount of such fee or charge in effect on the
19 date of enactment of the Small Business Reau-
20 thorization and Improvements Act of 2006.

21 “(C) MISSION-RELATED LIMITATION.—The
22 Corporation may not engage in revenue pro-
23 ducing programs, services, or related business
24 ventures that are not intended to carry out the
25 mission and activities described in section (b).

1 “(D) RETURN TO TREASURY.—Funds ap-
 2 propriated under this section that have not been
 3 expended at the end of the fiscal year for which
 4 they were appropriated shall revert back to the
 5 Treasury.”; and
 6 (3) by striking paragraph (3).

7 **SEC. 565. PRIVATIZATION.**

8 Section 33 of the Small Business Act (15 U.S.C.
 9 657c) is amended—

10 (1) by striking subsections (f) and (i); and
 11 (2) by redesignating subsections (g), (h), (j),
 12 and (k) as subsections (f) through (i), respectively;
 13 and
 14 (3) by adding at the end the following:

15 “(j) PRIVATIZATION.—

16 “(1) DEVELOPMENT OF PLAN.—Not later than
 17 6 months after the date of enactment of the Small
 18 Business Reauthorization and Improvements Act of
 19 2006, the Corporation shall develop, institute, and
 20 implement a plan to raise private funds and become
 21 a self-sustaining corporation.

22 “(2) GAO AUDIT AND REPORT.—

23 “(A) AUDIT.—The Comptroller General of
 24 the United States shall conduct an audit of the
 25 Corporation, in accordance with generally ac-

1 cepted accounting principles and generally ac-
2 cepted audit standards.

3 “(B) INCLUSIONS.—The audit required by
4 this paragraph shall include—

5 “(i) an evaluation of the efficacy of
6 the Corporation in carrying out the pur-
7 poses under section (b); and

8 “(ii) an analysis of the feasibility of
9 the sustainability plan developed by the
10 Corporation.

11 “(C) REPORT.—Not later than 1 year
12 after the date of enactment of the Small Busi-
13 ness Reauthorization and Improvements Act of
14 2006, the Comptroller General shall submit a
15 report on the audit conducted under this para-
16 graph to the Committee on Small Business and
17 Entrepreneurship and the Committee on Vet-
18 erans Affairs of the Senate and to the Com-
19 mittee on Small Business and the Committee
20 on Veterans Affairs of the House of Represent-
21 atives.”.

1 **TITLE VI—ENERGY LOANS FOR**
2 **SMALL BUSINESS CONCERNS**

3 **SEC. 601. EXPRESS LOANS FOR RENEWABLE ENERGY AND**
4 **ENERGY EFFICIENCY.**

5 Section 7(a)(31) of the Small Business Act (15
6 U.S.C. 636(a)(31)) is amended by adding at the end the
7 following:

8 “(F) EXPRESS LOANS FOR RENEWABLE
9 ENERGY AND ENERGY EFFICIENCY.—

10 “(i) DEFINITIONS.—In this subpara-
11 graph—

12 “(I) the term ‘biomass’—

13 “(aa) means any organic
14 material that is available on a re-
15 newable or recurring basis, in-
16 cluding—

17 “(AA) agricultural
18 crops;

19 “(BB) trees grown for
20 energy production;

21 “(CC) wood waste and
22 wood residues;

23 “(DD) plants (includ-
24 ing aquatic plants and
25 grasses);

1 “(EE) residues;
2 “(FF) fibers;
3 “(GG) animal wastes
4 and other waste materials;
5 and
6 “(HH) fats, oils, and
7 greases (including recycled
8 fats, oils, and greases); and
9 “(bb) does not include—
10 “(AA) paper that is
11 commonly recycled; or
12 “(BB) unsegregated
13 solid waste;
14 “(II) the term ‘energy efficiency
15 project’ means the installation or up-
16 grading of equipment that results in a
17 significant reduction in energy usage;
18 and
19 “(III) the term ‘renewable energy
20 system’ means a system of energy de-
21 rived from—
22 “(aa) a wind, solar, biomass,
23 or geothermal source; or

1 “(bb) hydrogen derived from
2 biomass or water using an energy
3 source described in item (aa).

4 “(ii) LOANS.—Loans may be made
5 under the ‘Express Loan Program’ for the
6 purpose of—

7 “(I) purchasing a renewable en-
8 ergy system; or

9 “(II) an energy efficiency project
10 for an existing business.”.

11 **TITLE VII—HEALTH INSURANCE**

12 **SEC. 701. PURPOSE.**

13 The purpose of this title is to establish a 4-year pilot
14 program to provide information and educational materials
15 to small business concerns regarding health insurance op-
16 tions, including coverage options within the small group
17 market.

18 **SEC. 702. DEFINITIONS.**

19 In this title:

20 (1) ASSOCIATION.—The term “association”
21 means an association established under section
22 21(a)(3)(A) of the Small Business Act (15 U.S.C.
23 648(a)(3)(A)) representing a majority of small busi-
24 ness development centers.

1 (2) PARTICIPATING SMALL BUSINESS DEVELOP-
 2 MENT CENTER.—The term “participating small
 3 business development center” means a small busi-
 4 ness development center described in section 21 of
 5 the Small Business Act (15 U.S.C. 648) that—

6 (A) is certified under section 21(k)(2) of
 7 the Small Business Act (15 U.S.C. 648(k)(2));
 8 and

9 (B) receives a grant under the pilot pro-
 10 gram.

11 (3) PILOT PROGRAM.—The term “pilot pro-
 12 gram” means the small business health insurance in-
 13 formation pilot program established under this title.

14 (4) STATE.—The term “State” means each of
 15 the several States of the United States, the District
 16 of Columbia, the Commonwealth of Puerto Rico, the
 17 Virgin Islands, American Samoa, and Guam.

18 **SEC. 703. SMALL BUSINESS HEALTH INSURANCE INFORMA-**
 19 **TION PILOT PROGRAM.**

20 (a) AUTHORITY.—The Administrator shall establish
 21 a pilot program to make grants to small business develop-
 22 ment centers to provide neutral and objective information
 23 and educational materials regarding health insurance op-
 24 tions, including coverage options within the small group
 25 market, to small business concerns.

1 (b) APPLICATIONS.—

2 (1) POSTING OF INFORMATION.—Not later than
3 90 days after the date of enactment of this Act, the
4 Administrator shall post on the website of the Ad-
5 ministration and publish in the Federal Register a
6 guidance document describing—

7 (A) the requirements of an application for
8 a grant under the pilot program; and

9 (B) the types of informational and edu-
10 cational materials regarding health insurance
11 options to be created under the pilot program,
12 including by referencing materials and re-
13 sources developed by the National Association
14 of Insurance Commissioners, the Kaiser Family
15 Foundation, and the Healthcare Leadership
16 Council.

17 (2) SUBMISSION.—A small business develop-
18 ment center desiring a grant under the pilot pro-
19 gram shall submit an application at such time, in
20 such manner, and accompanied by such information
21 as the Administrator may reasonably require.

22 (c) SELECTION OF PARTICIPATING SMALL BUSINESS
23 DEVELOPMENT CENTERS.—

1 (1) IN GENERAL.—The Administrator shall se-
2 lect not more than 20 small business development
3 centers to receive a grant under the pilot program.

4 (2) SELECTION OF PROGRAMS.—In selecting
5 small business development centers under paragraph
6 (1), the Administrator may not select—

7 (A) more than 2 programs from each of
8 the groups of States described in paragraph
9 (3); and

10 (B) more than 1 program in any State.

11 (3) GROUPINGS.—The groups of States de-
12 scribed in this paragraph are the following:

13 (A) GROUP 1.—Group 1 shall consist of
14 Maine, Massachusetts, New Hampshire, Con-
15 necticut, Vermont, and Rhode Island.

16 (B) GROUP 2.—Group 2 shall consist of
17 New York, New Jersey, Puerto Rico, and the
18 Virgin Islands.

19 (C) GROUP 3.—Group 3 shall consist of
20 Pennsylvania, Maryland, West Virginia, Vir-
21 ginia, the District of Columbia, and Delaware.

22 (D) GROUP 4.—Group 4 shall consist of
23 Georgia, Alabama, North Carolina, South Caro-
24 lina, Mississippi, Florida, Kentucky, and Ten-
25 nessee.

1 (E) GROUP 5.—Group 5 shall consist of Il-
2 linois, Ohio, Michigan, Indiana, Wisconsin, and
3 Minnesota.

4 (F) GROUP 6.—Group 6 shall consist of
5 Texas, New Mexico, Arkansas, Oklahoma, and
6 Louisiana.

7 (G) GROUP 7.—Group 7 shall consist of
8 Missouri, Iowa, Nebraska, and Kansas.

9 (H) GROUP 8.—Group 8 shall consist of
10 Colorado, Wyoming, North Dakota, South Da-
11 kota, Montana, and Utah.

12 (I) GROUP 9.—Group 9 shall consist of
13 California, Guam, American Samoa, Hawaii,
14 Nevada, and Arizona.

15 (J) GROUP 10.—Group 10 shall consist of
16 Washington, Alaska, Idaho, and Oregon.

17 (4) DEADLINE FOR SELECTION.—The Adminis-
18 trator shall make selections under this subsection
19 not later than 6 months after the later of the date
20 on which the information described in subsection
21 (b)(1) is posted on the website of the Administration
22 and the date on which the information described in
23 subsection (b)(1) is published in the Federal Reg-
24 ister.

25 (d) USE OF FUNDS.—

1 (1) IN GENERAL.—A participating small busi-
2 ness development center shall use funds provided
3 under the pilot program to—

4 (A) create and distribute informational
5 materials; and

6 (B) conduct training and educational ac-
7 tivities.

8 (2) CONTENT OF MATERIALS.—

9 (A) IN GENERAL.—In creating materials
10 under the pilot program, a participating small
11 business development center shall evaluate and
12 incorporate relevant portions of existing infor-
13 mational materials regarding health insurance
14 options, including materials and resources de-
15 veloped by the National Association of Insur-
16 ance Commissioners, the Kaiser Family Foun-
17 dation, and the Healthcare Leadership Council.

18 (B) HEALTH INSURANCE OPTIONS.—In in-
19 corporating information regarding health insur-
20 ance options under subparagraph (A), a partici-
21 pating small business development center shall
22 provide neutral and objective information re-
23 garding health insurance options in the geo-
24 graphic area served by the participating small
25 business development center, including tradi-

1 tional employer sponsored health insurance for
2 the individual and group insurance markets,
3 such as the health insurance options defined in
4 section 2791 of the Public Health Services Act
5 (42 U.S.C. 300gg–91) or section 125 or 223(d)
6 of the Internal Revenue Code of 1986, and
7 Federal and State health insurance programs.

8 (e) GRANT AMOUNTS.—Each participating small
9 business development center program shall receive a grant
10 in an amount equal to—

- 11 (1) not less than \$150,000 per fiscal year; and
12 (2) not more than \$300,000 per fiscal year.

13 (f) MATCHING REQUIREMENT.—Subparagraphs (A)
14 and (B) of section 21(a)(4) of the Small Business Act (15
15 U.S.C. 648(a)(4)) shall apply to assistance made available
16 under the pilot program.

17 **SEC. 704. REPORTS.**

18 Each participating small business development center
19 shall transmit to the Administrator and the Chief Counsel
20 for Advocacy of the Administration, as the Administrator
21 may direct, a quarterly report that includes—

- 22 (1) a summary of the information and edu-
23 cational materials regarding health insurance op-
24 tions provided by the participating small business
25 development center under the pilot program; and

1 (2) the number of small business concerns as-
2 sisted under the pilot program.

3 **SEC. 705. AUTHORIZATION OF APPROPRIATIONS.**

4 (a) IN GENERAL.—There are authorized to be appro-
5 priated to carry out this title—

6 (1) \$5,000,000 for the first fiscal year begin-
7 ning after the date of enactment of this Act; and

8 (2) \$5,000,000 for each of the 3 fiscal years
9 following the fiscal year described in paragraph (1).

10 (b) LIMITATION ON USE OF OTHER FUNDS.—The
11 Administrator may carry out the pilot program only with
12 amounts appropriated in advance specifically to carry out
13 this title.

14 **TITLE VIII—WOMEN’S SMALL**
15 **BUSINESS OWNERSHIP PRO-**
16 **GRAMS**

17 **SEC. 801. OFFICE OF WOMEN’S BUSINESS OWNERSHIP.**

18 Section 29(g) of the Small Business Act (15 U.S.C.
19 656(g)) is amended—

20 (1) in paragraph (2)—

21 (A) in subparagraph (B)(i), by striking “in
22 the areas” and all that follows through the end
23 of subclause (I), and inserting the following: “to
24 address issues concerning management, oper-
25 ations, manufacturing, technology, finance, re-

1 tail and product sales, international trade, and
 2 other disciplines required for—

3 “(I) starting, operating, and
 4 growing a small business concern;”
 5 and

6 (B) in subparagraph (C), by inserting be-
 7 fore the period at the end the following: “, the
 8 National Women’s Business Council, and any
 9 association of women’s business centers”; and
 10 (2) by adding at the end the following:

11 “(3) PROGRAMS AND SERVICES FOR WOMEN-
 12 OWNED SMALL BUSINESSES.—The Assistant Admin-
 13 istrator, in consultation with the National Women’s
 14 Business Council, the Interagency Committee on
 15 Women’s Business Enterprise, and 1 or more asso-
 16 ciations of women’s business centers, shall develop
 17 programs and services for women-owned businesses
 18 (as defined in section 408 of the Women’s Business
 19 Ownership Act of 1988 (15 U.S.C. 631 note)) in
 20 business areas, which may include—

21 “(A) manufacturing;

22 “(B) technology;

23 “(C) professional services;

24 “(D) retail and product sales;

25 “(E) travel and tourism;

1 “(F) international trade; and

2 “(G) Federal Government contract busi-
3 ness development.

4 “(4) TRAINING.—The Administrator shall pro-
5 vide annual programmatic and financial oversight
6 training for women’s business ownership representa-
7 tives and district office technical representatives of
8 the Administration to enable representatives to carry
9 out their responsibilities under this section.

10 “(5) GRANT PROGRAM IMPROVEMENT.—The
11 Administrator shall improve the women’s business
12 center grant proposal process and the programmatic
13 and financial oversight process by—

14 “(A) providing notice to the public of each
15 women’s business center grant announcement
16 for an initial and renewal grant, not later than
17 6 months before awarding such grant;

18 “(B) providing notice to grant applicants
19 and recipients of program evaluation criteria,
20 not later than 12 months before any such eval-
21 uation;

22 “(C) reducing paperwork and reporting re-
23 quirements for grant applicants and recipients;

24 “(D) standardizing the oversight and re-
25 view process of the Administration; and

1 “(E) providing to each women’s business
 2 center, not later than 30 days after the comple-
 3 tion of a site visit at that center, a copy of site
 4 visit reports and evaluation reports prepared by
 5 district office technical representatives or Ad-
 6 ministration officials.”.

7 **SEC. 802. WOMEN’S BUSINESS CENTER PROGRAM.**

8 (a) WOMEN’S BUSINESS CENTER GRANTS PRO-
 9 GRAM.—Section 29 of the Small Business Act (15 U.S.C.
 10 656) is amended—

11 (1) in subsection (a)—

12 (A) by redesignating paragraphs (2), (3),
 13 and (4), as paragraphs (3), (4), and (5), re-
 14 spectively; and

15 (B) by inserting after paragraph (1) the
 16 following:

17 “(2) the term ‘association of women’s business
 18 centers’ means an organization that represents not
 19 fewer than 30 percent of the women’s business cen-
 20 ters that are participating in a program under this
 21 section, and whose primary purpose is to represent
 22 women’s business centers;”; and

23 (2) by striking subsections (b) through (f) and
 24 inserting the following:

25 “(b) GRANTS AUTHORIZED.—

1 “(1) IN GENERAL.—

2 “(A) ISSUANCE.—The Administrator may
3 award initial and renewal grants of not more
4 than \$150,000 per year, which shall be known
5 as ‘women’s business center grants’, to private
6 nonprofit organizations to conduct projects for
7 the benefit of small business concerns owned
8 and controlled by women.

9 “(B) RENEWALS.—At the end of the initial
10 4-year grant period, and every 3 years there-
11 after, the grant recipient may apply to renew
12 the grant in accordance with this subsection
13 and subsection (e)(2).

14 “(C) EQUAL ALLOCATIONS.—In the event
15 that the Administration has insufficient funds
16 to provide grants of \$150,000 for each eligible
17 women’s business center, available funds shall
18 be allocated equally to eligible centers, unless
19 any center requests a lower amount than the al-
20 locable amount.

21 “(2) COOPERATIVE AGREEMENT AUTHORITY.—

22 “(A) IN GENERAL.—The Administrator
23 may enter into Federal cooperative agreements
24 with grant recipients under this subsection to
25 perform the services described under paragraph

(3), only to the extent and in the amount provided by appropriated funds.

“(B) TERMINATION.—

“(i) IN GENERAL.—If any grant recipient under this subsection does not fulfill its grant obligations, after advanced notification, during the period of the grant, the Administrator may terminate the grant.

“(ii) EXCEPTION.—Notwithstanding a violation by a grant recipient of a grant obligation under this subsection, the Administrator may continue to fund the grant, if the grant recipient is making a good faith effort to comply with such obligation.

“(3) USE OF FUNDS.—Grants awarded under this subsection may be used to provide training and counseling in the areas of—

“(A) pre-business, business start-up, and business operations;

“(B) financial planning assistance;

“(C) procurement assistance;

“(D) management assistance;

“(E) marketing assistance; and

1 “(F) international trade.

2 “(4) MATCHING REQUIREMENT.—

3 “(A) WOMEN’S BUSINESS CENTER
4 GRANTS.—As a condition of receiving financial
5 assistance under this subsection, the grant re-
6 cipient shall agree to obtain, after its applica-
7 tion has been approved and notice of award has
8 been issued, cash contributions from non-Fed-
9 eral sources as follows:

10 “(i) In the first and second years, 1
11 non-Federal dollar for each 2 Federal dol-
12 lars provided under the 4-year grant.

13 “(ii) In the third and fourth years, 1
14 non-Federal dollar for each Federal dollar
15 provided under the 4-year grant.

16 “(iii) In each renewal period, 1 non-
17 Federal dollar for each Federal dollar pro-
18 vided under the 3-year grant.

19 “(B) FORM OF NON-FEDERAL CONTRIBU-
20 TIONS.—Not more than $\frac{1}{2}$ of the non-Federal
21 sector matching assistance may be in the form
22 of in-kind contributions that are budget line
23 items only, including office equipment and of-
24 fice space.

1 “(C) FAILURE TO OBTAIN NON-FEDERAL
2 FUNDING.—

3 “(i) ADVANCE DISBURSEMENTS.—If
4 any grant recipient fails to obtain the re-
5 quired non-Federal contribution during
6 any project year, it shall not be eligible for
7 advance disbursements under subpara-
8 graph (D) during the remainder of that
9 project year.

10 “(ii) ABILITY TO OBTAIN NON-FED-
11 ERAL FUNDING.—Before approving assist-
12 ance to a grant recipient that has failed to
13 obtain the required non-Federal contribu-
14 tion for any other projects under this Act,
15 the Administrator shall require the grant
16 recipient to certify that it will be able to
17 obtain the requisite non-Federal funding
18 and enter a written finding setting forth
19 the reasons for making such determina-
20 tion.

21 “(D) FORM OF FEDERAL CONTRIBU-
22 TIONS.—The financial assistance authorized
23 under this subsection may be made by grant or
24 cooperative agreement and may contain such
25 provisions, as necessary, to provide for pay-

1 ments in lump sum or installments, and in ad-
2 vance or by way of reimbursement. The Admin-
3 istrator may disburse not more than 25 percent
4 of the Federal share awarded to a grant recipi-
5 ent for each year after notice of the award has
6 been issued and before the non-Federal sector
7 matching funds are obtained.

8 “(5) APPLICATION FOR AN INITIAL GRANT.—

9 Each organization desiring an initial grant under
10 this subsection, shall submit to the Administrator an
11 application that contains—

12 “(A) a certification that the applicant—

13 “(i) is a private nonprofit organiza-
14 tion;

15 “(ii) has designated an executive di-
16 rector or program manager, who may be
17 compensated from grant funds or other
18 sources, to manage the center; and

19 “(iii) as a condition of receiving a
20 grant under this subsection, agrees—

21 “(I) to receive a site visit as part
22 of the final selection process;

23 “(II) to undergo an annual pro-
24 grammatic and financial examination;
25 and

1 “(III) to the maximum extent
2 practicable, to remedy any problems
3 identified pursuant to the site visit or
4 examination under subclauses (I) and
5 (II);

6 “(B) information demonstrating that the
7 applicant has the ability and resources to meet
8 the needs of the market to be served by the
9 women’s business center site for which an ini-
10 tial grant is sought, including the ability to
11 comply with the matching requirement under
12 paragraph (4);

13 “(C) information relating to assistance to
14 be provided by the women’s business center site
15 for which an initial grant is sought in the area
16 in which the site is located;

17 “(D) information demonstrating the effec-
18 tive experience of the applicant in—

19 “(i) conducting financial, manage-
20 ment, and marketing assistance programs,
21 as described under paragraph (3), which
22 are designed to teach or upgrade the busi-
23 ness skills of women who are business own-
24 ers or potential business owners;

1 “(ii) providing training and services to
2 a representative number of women who are
3 both socially and economically disadvan-
4 taged; and

5 “(iii) using resource partners of the
6 Administration and other entities, such as
7 universities;

8 “(E) a 4-year plan that projects the ability
9 of the women’s business center site for which
10 an initial grant is sought—

11 “(i) to serve women who are business
12 owners or potential owners in the future by
13 improving training and counseling activi-
14 ties; and

15 “(ii) to provide training and services
16 to a representative number of women who
17 are both socially and economically dis-
18 advantaged; and

19 “(F) any additional information that the
20 Administrator may reasonably require.

21 “(6) REVIEW AND APPROVAL OF APPLICATIONS
22 FOR AN INITIAL GRANT.—

23 “(A) IN GENERAL.—The Administrator
24 shall—

1 “(i) review each application submitted
 2 under paragraph (5), based on the infor-
 3 mation described in such paragraph and
 4 the criteria set forth under subparagraph
 5 (B) of this paragraph; and

6 “(ii) as part of the final selection
 7 process, conduct a site visit at each wom-
 8 en’s business center for which an initial
 9 grant is sought.

10 “(B) SELECTION CRITERIA.—

11 “(i) IN GENERAL.—The Administrator
 12 shall evaluate applicants in accordance
 13 with predetermined selection criteria that
 14 shall be stated in terms of relative impor-
 15 tance. Such criteria and their relative im-
 16 portance shall be made publicly available
 17 and stated in each solicitation for applica-
 18 tions made by the Administrator.

19 “(ii) REQUIRED CRITERIA.—The se-
 20 lection criteria for an initial grant under
 21 clause (i) shall include—

22 “(I) the experience of the appli-
 23 cant in conducting programs or ongo-
 24 ing efforts designed to teach or up-
 25 grade the business skills of women

1 who are business owners or potential
2 owners;

3 “(II) the ability of the applicant
4 to commence a project within a min-
5 imum amount of time;

6 “(III) the ability of the applicant
7 to provide training and services to a
8 representative number of women who
9 are both socially and economically dis-
10 advantaged; and

11 “(IV) the location for the wom-
12 en’s business center site proposed by
13 the applicant.

14 “(C) RECORD RETENTION.—The Adminis-
15 trator shall maintain a copy of each application
16 submitted under this paragraph for not less
17 than 7 years.

18 “(7) APPLICATION FOR A RENEWAL GRANT.—
19 Each organization desiring a renewal grant under
20 this subsection, shall submit to the Administrator,
21 not later than 3 months before the expiration of an
22 existing grant under this subsection, an application
23 that contains—

24 “(A) a certification that the applicant—

1 “(i) is a private nonprofit organiza-
2 tion;

3 “(ii) has designated an executive di-
4 rector or program manager to manage the
5 center; and

6 “(iii) as a condition of receiving a
7 grant under this subsection, agrees—

8 “(I) to receive a site visit as part
9 of the final selection process;

10 “(II) to submit, for the preceding
11 2 years, annual programmatic and fi-
12 nancial examination reports or cer-
13 tified copies of the applicant’s compli-
14 ance supplemental audits under OMB
15 Circular A–133; and

16 “(III) to the maximum extent
17 practicable, to remedy any problems
18 identified pursuant to the site visit or
19 examination under subclauses (I) and
20 (II);

21 “(B) information demonstrating that the
22 applicant has the ability and resources to meet
23 the needs of the market to be served by the
24 women’s business center site for which a re-
25 newal grant is sought, including the ability to

1 comply with the matching requirement under
2 paragraph (4);

3 “(C) information relating to assistance to
4 be provided by the women’s business center site
5 for which a renewal grant is sought in the area
6 in which the site is located;

7 “(D) information demonstrating the utili-
8 zation of resource partners of the Administra-
9 tion and other entities;

10 “(E) a 3-year plan that projects the ability
11 of the women’s business center site for which a
12 renewal grant is sought—

13 “(i) to serve women who are business
14 owners or potential owners in the future by
15 improving training and counseling activi-
16 ties; and

17 “(ii) to provide training and services
18 to a representative number of women who
19 are both socially and economically dis-
20 advantaged; and

21 “(F) any additional information that the
22 Administrator may reasonably require.

23 “(8) REVIEW AND APPROVAL OF APPLICATIONS
24 FOR A RENEWAL GRANT.—

1 “(A) IN GENERAL.—The Administrator
2 shall—

3 “(i) review each application submitted
4 under paragraph (7), based on the infor-
5 mation described in such paragraph and
6 the criteria set forth under subparagraph
7 (B) of this paragraph; and

8 “(ii) as part of the final selection
9 process, conduct a site visit at each wom-
10 en’s business center for which a renewal
11 grant is sought.

12 “(B) SELECTION CRITERIA.—The Admin-
13 istrator shall evaluate applicants in accordance
14 with predetermined selection criteria that shall
15 be stated in terms of relative importance. Such
16 criteria and their relative importance shall be
17 made publicly available and stated in each solie-
18 itation for applications made by the Adminis-
19 trator.

20 “(C) CONDITIONS FOR CONTINUED FUND-
21 ING.—In determining whether to renew a grant
22 or cooperative agreement with a women’s busi-
23 ness center, the Administrator—

24 “(i) shall consider the results of the
25 most recent evaluation of the center, and,

1 to a lesser extent, previous evaluations;
 2 and

3 “(ii) may withhold such renewal, if
 4 the Administrator determines that the cen-
 5 ter has failed to provide the information
 6 required to be provided under this sub-
 7 section, or the information provided by the
 8 center is inadequate.

9 “(D) CONTINUING GRANT AND COOPERA-
 10 TIVE AGREEMENT AUTHORITY.—

11 “(i) IN GENERAL.—The authority of
 12 the Administrator to enter into grants or
 13 cooperative agreements under this sub-
 14 section shall be in effect for each fiscal
 15 year only to the extent and in the amounts
 16 as are provided in advance in appropria-
 17 tions Acts.

18 “(ii) RENEWAL.—After the Adminis-
 19 trator has entered into a grant or coopera-
 20 tive agreement with any women’s business
 21 center under this subsection, the Adminis-
 22 trator shall not suspend, terminate, or fail
 23 to renew or extend any such grant or coop-
 24 erative agreement, unless the Adminis-
 25 trator provides the center with written no-

1 tification setting forth the reasons there-
2 fore and affords the center an opportunity
3 for a hearing, appeal, or other administra-
4 tive proceeding under chapter 5 of title 5,
5 United States Code.

6 “(E) RECORD RETENTION.—The Adminis-
7 trator shall maintain a copy of each application
8 submitted under this paragraph for not less
9 than 7 years.

10 “(9) DATA COLLECTION.—Consistent with the
11 annual report to Congress under subsection (g),
12 each women’s business center site that is awarded
13 an initial or renewal grant under this subsection
14 shall collect information relating to—

15 “(A) the number of individuals counseled
16 or trained;

17 “(B) the number of hours of counseling
18 provided;

19 “(C) the number of workshops conducted;

20 “(D) the number of start-up small busi-
21 ness concerns formed; and

22 “(E) the number of jobs created or main-
23 tained at assisted small business concerns.

24 “(10) PRIVACY REQUIREMENTS.—

1 “(A) IN GENERAL.—A women’s business
2 center may not disclose the name, address, or
3 telephone number of any individual or small
4 business concern receiving assistance under this
5 subsection without the consent of such indi-
6 vidual or small business concern, unless—

7 “(i) the Administrator is ordered to
8 make such a disclosure by a court in any
9 civil or criminal enforcement action initi-
10 ated by a Federal or State agency; or

11 “(ii) the Administrator considers such
12 a disclosure to be necessary for the pur-
13 pose of conducting a financial audit of a
14 women’s business center, but a disclosure
15 under this clause shall be limited to the in-
16 formation necessary for such audit.

17 “(B) ADMINISTRATION USE OF INFORMA-
18 TION.—This subsection shall not—

19 “(i) restrict Administration access to
20 program activity data; or

21 “(ii) prevent the Administration from
22 using client information (other than the in-
23 formation described in subparagraph (A))
24 to conduct client surveys.

1 “(C) REGULATIONS.—The Administrator
2 shall issue regulations to establish standards for
3 requiring disclosures during a financial audit
4 under subparagraph (A)(ii).

5 “(11) TRANSITION RULES.—

6 “(A) IN GENERAL.—Notwithstanding any
7 other provision of law, a grant or cooperative
8 agreement that was awarded as an eligible sus-
9 tainability grant, from amounts appropriated
10 for fiscal year 2006, to operate a women’s busi-
11 ness center, shall remain in full force and effect
12 under the terms, and for the duration, of such
13 agreement, subject to the grant limitation in
14 paragraph (1).

15 “(B) EXTENSION.—If a sustainability
16 grant under subparagraph (A) is scheduled to
17 expire not later than June 30, 2007, a 1-year
18 extension shall be granted without any interrup-
19 tion of funding, subject to the grant limitation
20 in paragraph (1).

21 “(C) EFFECT ON CERTAIN EXISTING
22 PROJECTS AND RENEWAL AUTHORITY.—A
23 project being conducted by a women’s business
24 center under this subsection on the day before
25 the date of enactment of the Small Business

1 Reauthorization and Improvements Act of
2 2006—

3 “(i) as a 5-year project, shall remain
4 in full force and effect under the terms
5 and for the duration of that agreement;
6 and

7 “(ii) shall be eligible to apply for a 3-
8 year renewal grant funded at a level equal
9 to not more than \$150,000 per year.

10 “(c) ASSOCIATIONS OF WOMEN’S BUSINESS CEN-
11 TERS.—

12 “(1) RECOGNITION.—The Administrator shall
13 recognize the existence and activities of any associa-
14 tion of women’s business centers established to ad-
15 dress matters of common concern.

16 “(2) CONSULTATION.—The Administrator shall
17 consult with each association of women’s business
18 centers to develop—

19 “(A) a training program for the staff of
20 the women’s business centers and the Adminis-
21 tration; and

22 “(B) recommendations to improve the poli-
23 cies and procedures for governing the general
24 operations and administration of the Women’s

1 Business Center Program, including grant pro-
 2 gram improvements under subsection (e)(5).”.

3 (b) CONFORMING AMENDMENTS.—Section 29 of the
 4 Small Business Act (15 U.S.C. 656) is amended—

5 (1) by redesignating subsections (g), (h), (i),
 6 (j), and (k) as subsections (d), (e), (f), (g), and (h),
 7 respectively;

8 (2) in subsection (e)(2), as redesignated by
 9 paragraph (1) of this subsection, by striking “to
 10 award a contract (as a sustainability grant) under
 11 subsection (l) or”;

12 (3) in subsection (g)(1), as redesignated by
 13 paragraph (1) of this subsection, by striking “The
 14 Administration” and inserting “Not later than No-
 15 vember 1st of each year, the Administrator”;

16 (4) in subsection (h), as redesignated by para-
 17 graph (1) of this subsection—

18 (A) by striking paragraphs (1) and (2) and
 19 inserting the following:

20 “(1) IN GENERAL.—There are authorized to be
 21 appropriated to the Administration to carry out this
 22 section, to remain available until expended—

23 “(A) \$15,000,000 for fiscal year 2007, of
 24 which \$500,000 may be used to provide supple-
 25 mental sustainability grants to women’s busi-

1 ness centers, except that no such center may re-
 2 ceive more than a total of \$125,000 in grant
 3 funding for the grant period beginning on July
 4 1, 2006 and ending on June 30, 2007;

5 “(B) \$16,000,000 for fiscal year 2008; and

6 “(C) \$17,500,000 for fiscal year 2009.

7 “(2) USE OF AMOUNTS.—Amounts made avail-
 8 able under this subsection may only be used for
 9 grant awards and may not be used for costs incurred
 10 by the Administration in connection with the man-
 11 agement and administration of the program under
 12 this section.”; and

13 (B) by striking paragraph (4); and

14 (5) by striking subsection (l).

15 **SEC. 803. NATIONAL WOMEN’S BUSINESS COUNCIL.**

16 (a) COSPONSORSHIP AUTHORITY.—Section 406 of
 17 the Women’s Business Ownership Act of 1988 (15 U.S.C.
 18 7106) is amended by adding at the end the following:

19 “(f) COSPONSORSHIP AUTHORITY.—The Council is
 20 authorized to enter into agreements as a cosponsor with
 21 public and private entities, in the same manner as is pro-
 22 vided in section 8(b)(1)(A) of the Small Business Act (15
 23 U.S.C. 637(b)(1)(A)), to carry out its duties under this
 24 section.”.

1 (b) MEMBERSHIP.—Section 407(f) of the Women’s
2 Business Ownership Act of 1988 (15 U.S.C. 7107(f)) is
3 amended by adding at the end the following:

4 “(3) REPRESENTATION OF MEMBER ORGANIZA-
5 TIONS.—In consultation with the chairperson of the
6 Council and the Administrator, a national women’s
7 business organization or small business concern that
8 is represented on the Council may replace its rep-
9 resentative member on the Council during the serv-
10 ice term to which that member was appointed.”.

11 (c) ESTABLISHMENT OF WORKING GROUPS.—Title
12 IV of the Women’s Business Ownership Act of 1988 (15
13 U.S.C. 7101 et seq.) is amended by inserting after section
14 410, the following new section:

15 **“SEC. 411. WORKING GROUPS.**

16 “(a) ESTABLISHMENT.—There are established within
17 the Council, working groups, as directed by the chair-
18 person.

19 “(b) DUTIES.—The working groups established
20 under subsection (a) shall perform such duties as the
21 chairperson shall direct.”.

22 (d) CLEARINGHOUSE FOR HISTORICAL DOCU-
23 MENTS.—Section 409 of the Women’s Business Owner-
24 ship Act of 1988 (15 U.S.C. 7109) is amended by adding
25 at the end the following:

1 “(c) CLEARINGHOUSE FOR HISTORICAL DOCU-
 2 MENTS.—The Council shall serve as a clearinghouse for
 3 information on small businesses owned and controlled by
 4 women, including research conducted by other organiza-
 5 tions and individuals relating to ownership by women of
 6 small business concerns in the United States.”.

7 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
 8 410(a) of the Women’s Business Ownership Act of 1988
 9 (15 U.S.C. 7110(a)) is amended by striking “2001
 10 through 2003, of which \$550,000” and inserting “2007
 11 through 2009, of which not less than 30 percent”.

12 **SEC. 804. INTERAGENCY COMMITTEE ON WOMEN’S BUSI-**
 13 **NESS ENTERPRISE.**

14 (a) CHAIRPERSON.—Section 403(b) of the Women’s
 15 Business Ownership Act of 1988 (15 U.S.C. 7103(b)) is
 16 amended—

17 (1) by striking “Not later” and inserting the
 18 following:

19 “(1) IN GENERAL.—Not later”; and

20 (2) by adding at the end the following:

21 “(2) VACANCY.—In the event that a chair-
 22 person is not appointed under paragraph (1), the
 23 Deputy Administrator of the Small Business Admin-
 24 istration shall serve as acting chairperson of the

1 Interagency Committee until a chairperson is ap-
2 pointed under paragraph (1).”.

3 (b) POLICY ADVISORY GROUP.—Section 401 of the
4 Women’s Business Ownership Act of 1988 (15 U.S.C.
5 7101) is amended—

6 (1) by striking “There” and inserting the fol-
7 lowing:

8 “(a) IN GENERAL.—There”; and

9 (2) by adding at the end the following:

10 “(b) POLICY ADVISORY GROUP.—

11 “(1) ESTABLISHMENT.—There is established a
12 Policy Advisory Group to assist the chairperson in
13 developing policies and programs under this Act.

14 “(2) MEMBERSHIP.—The Policy Advisory
15 Group shall be composed of 7 policy making offi-
16 cials, of whom—

17 “(A) 1 shall be a representative of the
18 Small Business Administration;

19 “(B) 1 shall be a representative of the De-
20 partment of Commerce;

21 “(C) 1 shall be a representative of the De-
22 partment of Labor;

23 “(D) 1 shall be a representative of the De-
24 partment of Defense;

1 “(E) 1 shall be a representative of the De-
2 partment of the Treasury; and

3 “(F) 2 shall be representatives of the
4 Council.”.

5 **SEC. 805. PRESERVING THE INDEPENDENCE OF THE NA-**
6 **TIONAL WOMEN’S BUSINESS COUNCIL.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) The National Women’s Business Council
9 provides an independent source of advice and policy
10 recommendations regarding women’s business devel-
11 opment and the needs of women entrepreneurs in
12 the United States to—

13 (A) the President;

14 (B) Congress;

15 (C) the Interagency Committee on Wom-
16 en’s Business Enterprise; and

17 (D) the Administrator.

18 (2) The members of the National Women’s
19 Business Council are small business owners, rep-
20 resentatives of business organizations, and rep-
21 resentatives of women’s business centers.

22 (3) The chair and ranking member of the Com-
23 mittee on Small Business and Entrepreneurship of
24 the Senate and the Committee on Small Business of
25 the House of Representatives make recommenda-

1 tions to the Administrator to fill 8 of the positions
2 on the National Women’s Business Council. Four of
3 the positions are reserved for small business owners
4 who are affiliated with the political party of the
5 President and 4 of the positions are reserved for
6 small business owners who are not affiliated with the
7 political party of the President. This method of ap-
8 pointment ensures that the National Women’s Busi-
9 ness Council will provide Congress with nonpartisan,
10 balanced, and independent advice.

11 (4) In order to maintain the independence of
12 the National Women’s Business Council and to en-
13 sure that the Council continues to provide Congress
14 with advice on a nonpartisan basis, it is essential
15 that the Council maintain the bipartisan balance es-
16 tablished under section 407 of the Women’s Busi-
17 ness Ownership Act of 1988 (15 U.S.C. 7107).

18 (b) MAINTENANCE OF PARTISAN BALANCE.—Section
19 407(f) of the Women’s Business Ownership Act of 1988
20 (15 U.S.C. 7107(f)), as amended by this Act, is amended
21 by adding at the end the following:

22 “(4) PARTISAN BALANCE.—When filling a va-
23 cancy under paragraph (1) of this subsection of a
24 member appointed under paragraph (1) or (2) of
25 subsection (b), the Administrator shall, to the extent

1 practicable, ensure that there are an equal number
 2 of members on the Council from each of the 2 major
 3 political parties.

4 “(5) ACCOUNTABILITY.—If a vacancy is not
 5 filled within the 30-day period required under para-
 6 graph (1), or if there exists an imbalance of party-
 7 affiliated members on the Council for a period ex-
 8 ceeding 30 days, the Administrator shall submit a
 9 report, not later than 10 days after the expiration
 10 of either such 30-day deadline, to the Committee on
 11 Small Business and Entrepreneurship of the Senate
 12 and the Committee on Small Business of the House
 13 of Representatives, that explains why the respective
 14 deadline was not met and provides an estimated date
 15 on which any vacancies will be filled, as applicable.”.

16 **TITLE IX—INTERNATIONAL** 17 **TRADE**

18 **SEC. 901. SMALL BUSINESS ADMINISTRATION ASSOCIATE** 19 **ADMINISTRATOR FOR INTERNATIONAL** 20 **TRADE.**

21 (a) ESTABLISHMENT.—Section 22(a) of the Small
 22 Business Act (15 U.S.C. 649(a)) is amended by adding
 23 at the end the following: “The head of the Office shall
 24 be the Associate Administrator for International Trade,
 25 who shall be responsible to the Administrator.”.

1 (b) AUTHORITY FOR ADDITIONAL ASSOCIATE AD-
2 MINISTRATOR.—Section 4(b)(1) of the Small Business Act
3 (15 U.S.C. 633(b)(1)) is amended—

4 (1) in the fifth sentence, by striking “five Asso-
5 ciate Administrators” and inserting “Associate Ad-
6 ministrators”; and

7 (2) by adding at the end the following: “One of
8 the Associate Administrators shall be the Associate
9 Administrator for International Trade, who shall be
10 the head of the Office of International Trade estab-
11 lished under section 22.”.

12 (c) DISCHARGE OF ADMINISTRATION INTER-
13 NATIONAL TRADE RESPONSIBILITIES.—Section 22 of the
14 Small Business Act (15 U.S.C. 649) is amended by adding
15 at the end the following:

16 “(h) DISCHARGE OF ADMINISTRATION INTER-
17 NATIONAL TRADE RESPONSIBILITIES.—The Adminis-
18 trator shall ensure that—

19 “(1) the responsibilities of the Administration
20 regarding international trade are carried out
21 through the Associate Administrator for Inter-
22 national Trade;

23 “(2) the Associate Administrator for Inter-
24 national Trade has sufficient resources to carry out
25 such responsibilities; and

1 “(3) the Associate Administrator for Inter-
2 national Trade has direct supervision and control
3 over the staff of the Office of International Trade,
4 and over any employee of the Administration whose
5 principal duty station is a United States Export As-
6 sistance Center or any successor entity.”.

7 (d) ROLE OF ASSOCIATE ADMINISTRATOR IN CAR-
8 RYING OUT INTERNATIONAL TRADE POLICY.—Section
9 2(b)(1) of the Small Business Act (15 U.S.C. 631(b)(1))
10 is amended in the matter preceding subparagraph (A)—

11 (1) by inserting “the Administrator of” before
12 “the Small Business Administration”; and

13 (2) by inserting “through the Associate Admin-
14 istrator for International Trade, and” before “in co-
15 operation with”.

16 (e) TECHNICAL AMENDMENT.—Section 22(c)(5) of
17 the Small Business Act (15 U.S.C. 649(c)(5)) is amended
18 by striking the period at the end and inserting a semi-
19 colon.

20 (f) EFFECTIVE DATE.—Not later than 90 days after
21 the date of enactment of this Act, the Administrator shall
22 appoint an Associate Administrator for International
23 Trade under section 22 of the Small Business Act (15
24 U.S.C. 649), as amended by this section.

1 **SEC. 902. OFFICE OF INTERNATIONAL TRADE.**

2 Section 22 of the Small Business Act (15 U.S.C. 649)
3 is amended—

4 (1) by striking “**SEC. 22.** (a) There” and in-
5 serting the following:

6 **“SEC. 22. OFFICE OF INTERNATIONAL TRADE.**

7 “(a) ESTABLISHMENT.—There”.

8 (2) in subsection (a), by inserting “(referred to
9 in this section as the ‘Office’),” after “Trade”;

10 (3) in subsection (b)—

11 (A) by striking “The Office” and inserting
12 the following:

13 “(b) TRADE DISTRIBUTION NETWORK.—The Office,
14 including United States Export Assistance Centers (re-
15 ferred to as ‘one-stop shops’ in section 2301(b)(8) of the
16 Omnibus Trade and Competitiveness Act of 1988 (15
17 U.S.C. 4721(b)(8)) and as ‘export centers’ in this sec-
18 tion)”;

19 (B) by amending paragraph (1) to read as
20 follows:

21 “(1) assist in maintaining a distribution net-
22 work using regional and local offices of the Adminis-
23 tration, the small business development center net-
24 work, the women’s business center network, and ex-
25 port centers for—

26 “(A) trade promotion;

1 “(B) trade finance;
2 “(C) trade adjustment;
3 “(D) trade remedy assistance; and
4 “(E) trade data collection.”;

5 (4) in subsection (c)—

6 (A) by redesignating paragraphs (1)
7 through (8) as paragraphs (2) through (9), re-
8 spectively;

9 (B) by inserting before paragraph (2), as
10 so redesignated, the following:

11 “(1) establish annual goals for the Office relat-
12 ing to—

13 “(A) enhancing the exporting capability of
14 small business concerns and small manufactur-
15 ers;

16 “(B) facilitating technology transfers;

17 “(C) enhancing programs and services to
18 assist small business concerns and small manu-
19 facturers to compete effectively and efficiently
20 against foreign entities;

21 “(D) increasing the access to capital by
22 small business concerns;

23 “(E) disseminating information concerning
24 Federal, State, and private programs and initia-
25 tives; and

1 “(F) ensuring that the interests of small
2 business concerns are adequately represented in
3 trade negotiations;”;

4 (C) in paragraph (2), as so redesignated,
5 by striking “mechanism for” and all that fol-
6 lows through “(D)” and inserting the following:
7 “mechanism for—

8 “(A) identifying subsectors of the small
9 business community with strong export poten-
10 tial;

11 “(B) identifying areas of demand in for-
12 eign markets;

13 “(C) prescreening foreign buyers for com-
14 mercial and credit purposes; and

15 “(D)”;

16 (D) in paragraph (9), as so redesignated—

17 (i) in the matter preceding subpara-
18 graph (A)—

19 (I) by striking “full-time export
20 development specialists to each Ad-
21 ministration regional office and as-
22 signing”; and

23 (II) by striking “office. Such spe-
24 cialists” and inserting “office and pro-
25 viding each Administration regional

1 office with a full-time export develop-
2 ment specialist, who”;

3 (ii) in subparagraph (D), by striking
4 “and” at the end;

5 (iii) in subparagraph (E), by striking
6 the period at the end and inserting a semi-
7 colon; and

8 (iv) by adding at the end the fol-
9 lowing:

10 “(F) participate jointly with employees of
11 the Office in an annual training program that
12 focuses on current small business needs for ex-
13 porting; and

14 “(G) jointly develop and conduct training
15 programs for exporters and lenders in coopera-
16 tion with the United States Export Assistance
17 Centers, the Department of Commerce, small
18 business development centers, and other rel-
19 evant Federal agencies.”;

20 (5) in subsection (d)—

21 (A) by inserting “EXPORT FINANCING
22 PROGRAMS.—” after “(d)”;

23 (B) by redesignating paragraphs (1)
24 through (5) as clauses (i) through (v), respec-
25 tively, and adjusting the margins accordingly;

1 (C) by striking “The Office shall work in
2 cooperation” and inserting the following:

3 “(1) IN GENERAL.—The Office shall work in
4 cooperation”; and

5 (D) by striking “To accomplish this goal,
6 the Office shall work” and inserting the fol-
7 lowing:

8 “(2) TRADE FINANCIAL SPECIALIST.—To ac-
9 complish the goal established under paragraph (1),
10 the Office shall—

11 “(A) designate at least 1 individual within
12 the Administration as a trade financial spe-
13 cialist to oversee international loan programs
14 and assist Administration employees with trade
15 finance issues; and

16 “(B) work”;

17 (6) in subsection (e), by inserting “TRADE
18 REMEDIES.—” after “(e)”;

19 (7) by amending subsection (f) to read as fol-
20 lows:

21 “(f) REPORTING REQUIREMENT.—The Office shall
22 submit an annual report to the Committee on Small Busi-
23 ness and Entrepreneurship of the Senate and the Com-
24 mittee on Small Business of the House of Representatives
25 that contains—

1 “(1) a description of the progress of the Office
2 in implementing the requirements of this section;

3 “(2) the destinations of travel by Office staff
4 and benefits to the Administration and to small
5 business concerns therefrom; and

6 “(3) a description of the participation by the
7 Office in trade negotiations.”;

8 (8) in subsection (g), by inserting “STUD-
9 IES.—” after “(g)”; and

10 (9) by adding at the end the following:

11 “(i) EXPORT ASSISTANCE CENTERS.—

12 “(1) IN GENERAL.—During the period begin-
13 ning on October 1, 2006, and ending on September
14 30, 2009, the Administrator shall ensure that the
15 number of full-time equivalent employees of the Of-
16 fice assigned to the one-stop shops referred to in
17 section 2301(b) of the Omnibus Trade and Competi-
18 tiveness Act of 1988 (15 U.S.C. 4721 (b)) is not less
19 than the number of such employees so assigned on
20 January 1, 2003.

21 “(2) PRIORITY OF PLACEMENT.—Priority shall
22 be given, to the maximum extent practicable, to
23 placing employees of the Administration at any Ex-
24 port Assistance Center that—

1 “(A) had an Administration employee as-
2 signed to such Center before January 2003;
3 and

4 “(B) has not had an Administration em-
5 ployee assigned to such Center during the pe-
6 riod beginning January 2003, and ending on
7 the date of enactment of this subsection, either
8 through retirement or reassignment.

9 “(3) NEEDS OF EXPORTERS.—The Adminis-
10 trator shall, to the maximum extent practicable,
11 strategically assign Administration employees to Ex-
12 port Assistance Centers, based on the needs of ex-
13 porters.

14 “(4) GOALS.—The Office shall work with the
15 Department of Commerce and the Export-Import
16 Bank to establish shared annual goals for the Ex-
17 port Centers.

18 “(5) OVERSIGHT.—The Office shall designate
19 an individual within the Administration to oversee
20 all activities conducted by Administration employees
21 assigned to Export Centers.”.

22 **SEC. 903. INTERNATIONAL TRADE LOANS.**

23 (a) IN GENERAL.—Section 7(a)(3)(B) of the Small
24 Business Act (15 U.S.C. 636(a)(3)(B)) is amended by
25 striking “\$1,750,000, of which not more than

1 \$1,250,000” and inserting “\$2,750,000 (or if the gross
 2 loan amount would exceed \$3,670,000), of which not more
 3 than \$2,000,000”.

4 (b) WORKING CAPITAL.—Section 7(a)(16)(A) of the
 5 Small Business Act (15 U.S.C. 636(a)(16)(A)) is amend-
 6 ed—

7 (1) in the matter preceding clause (i), by strik-
 8 ing “in—” and inserting “—”;

9 (2) in clause (i)—

10 (A) by inserting “in” after “(i)”; and

11 (B) by striking “or” at the end;

12 (3) in clause (ii)—

13 (A) by inserting “in” after “(ii)”; and

14 (B) by striking the period and inserting “;
 15 or”; and

16 (4) by adding at the end the following:

17 “(iii) by providing working capital.”.

18 (c) COLLATERAL.—Section 7(a)(16)(B) of the Small
 19 Business Act (15 U.S.C. 636(a)(16)(B)) is amended—

20 (1) by striking “Each loan” and inserting the
 21 following:

22 “(i) IN GENERAL.—Except as pro-
 23 vided in clause (ii), each loan”; and

24 (2) by adding at the end the following:

1 “(ii) EXCEPTION.—A loan under this
 2 paragraph may be secured by a second lien
 3 position on the property or equipment fi-
 4 nanced by the loan or on other assets of
 5 the small business concern, if the Adminis-
 6 trator determines such lien provides ade-
 7 quate assurance of the payment of such
 8 loan.”.

9 (d) REFINANCING.—Section 7(a)(16)(A)(ii) of the
 10 Small Business Act (15 U.S.C. 636(a)(16)(A)(ii)), as
 11 amended by this section, is amended by inserting “, in-
 12 cluding any debt that qualifies for refinancing under any
 13 other provision of this subsection” before the semicolon.

14 **TITLE X—CONTRACT BUNDLING**

15 **SEC. 1001. PRESIDENTIAL POLICY.**

16 Section 3(o) of the Small Business Act (15 U.S.C.
 17 632(o)) is amended—

18 (1) by striking paragraphs (2) and (3); and

19 (2) by inserting after paragraph (1) the fol-
 20 lowing:

21 “(2) POLICY.—It is the policy of Congress that each
 22 Federal agency shall endeavor to promote competition and
 23 small business procurement opportunities by unbundling
 24 Government contracts in accordance with the Presidential
 25 policy on contract bundling of March 19, 2002.

1 “(3) BUNDLING OF CONTRACT REQUIREMENTS.—In
2 this Act, the term ‘bundling of contract requirements’
3 means a use of solicitation for a single contract or a mul-
4 tiple award contract to satisfy 2 or more requirements of
5 any Federal agency for goods or services that restricts
6 competition or limits the number of suppliers by being
7 likely unsuitable for award to a small business concern due
8 to—

9 “(A) the diversity, size, or specialized nature of
10 the elements of the performance specified;

11 “(B) the aggregate dollar value of the antici-
12 pated award;

13 “(C) the geographical dispersion of the contract
14 performance sites;

15 “(D) unduly restrictive contract requirements
16 or any other similar procurement strategy or factor
17 that restricts the ability of a responsible small busi-
18 ness concern to compete or otherwise participate as
19 a prime contractor in the procurement; or

20 “(E) any combination of the factors described
21 in (A) through (D).”.

22 “(4) PRESUMED BUNDLINGS.—The Adminis-
23 trator and each Federal agency shall, for all pur-
24 poses under this Act, presumptively treat as bundled
25 any contract that—

1 “(A) is valued at more than 3 times the
2 substantial bundling threshold for such agency;
3 and

4 “(B) is not set aside or reserved for award,
5 in whole or in part, to a small business concern
6 or to a team of small business concerns.”.

7 **SEC. 1002. LEADERSHIP AND OVERSIGHT.**

8 (a) IN GENERAL.—Section 15 of the Small Business
9 Act (15 U.S.C. 644) is amended by adding at the end the
10 following:

11 “(q) BUNDLING ACCOUNTABILITY MEASURES.—

12 “(1) GOVERNMENTWIDE ACCOUNTABILITY ON
13 BUNDLING.—

14 “(A) REINSTATEMENT OF REPORTING RE-
15 QUIREMENTS.—In addition to submitting such
16 annual reports on all incidents of bundling to
17 the Administrator as may be required under
18 Federal law, the head of each Federal agency
19 shall submit an annual report on all incidents
20 of bundling to the Administrator for Federal
21 Procurement Policy.

22 “(B) REPORT TO CONGRESS.—The Admin-
23 istrator shall promptly review and annually re-
24 port to Congress information on any discrep-
25 ancies between the reports on bundled contracts

1 from Federal agencies to the Administration,
2 the Office of Federal Procurement Policy, and
3 the Federal procurement data system described
4 in subsection (c)(5).

5 “(2) TEAMING REQUIREMENTS.—Each Federal
6 agency shall include in each solicitation for any con-
7 tract award above the substantial bundling threshold
8 of such agency a provision soliciting small business
9 teams and joint ventures.

10 “(3) IMPLEMENTATION OF COMPTROLLER GEN-
11 ERAL’S RECOMMENDATIONS.—Not later than 270
12 days after the date of enactment of this subsection,
13 the Administrator, with the concurrence of the Ad-
14 ministrator for Federal Procurement Policy, shall
15 ensure that, in response to the recommendations of
16 the Comptroller General of the United States con-
17 tained in Report No. GAO–04–454, titled ‘Contract
18 Management: Impact of Strategy to Mitigate Effects
19 of Contract Bundling Is Uncertain’—

20 “(A) modifications are made to the Fed-
21 eral procurement data system described in sub-
22 section (c)(5) to capture information concerning
23 the impact of bundling on small business con-
24 cerns;

1 “(B) the Administrator receives from each
2 Federal agency an annual report containing in-
3 formation concerning—

4 “(i) the number and dollar value of
5 bundled contract actions and contracts;

6 “(ii) benefit analyses (including the
7 total dollars saved) to justify why contracts
8 are bundled;

9 “(iii) the number of small business
10 concerns losing Federal contracts because
11 of bundling;

12 “(iv) how contractors awarded bun-
13 dled contracts complied with the agencies
14 subcontracting plans; and

15 “(v) how mitigating actions, such as
16 teaming arrangements, provided increased
17 contracting opportunities to small business
18 concerns.

19 “(4) GOVERNMENTWIDE REVIEW OF BUNDLING
20 INTERPRETATIONS.—

21 “(A) IN GENERAL.—The Administrator,
22 with the concurrence of the Chief Counsel for
23 Advocacy and the Inspector General, shall con-
24 duct a governmentwide review of the Federal

1 agencies legal interpretations of antibundling
2 statutory and regulatory requirements.

3 “(B) REPORT.—Not later than 1 year
4 after the date of enactment of this subsection,
5 the Administrator shall submit to Congress a
6 report containing the findings of the review con-
7 ducted under subparagraph (A).

8 “(5) AGENCY POLICIES ON REDUCTION OF CON-
9 TRACT BUNDLING.—Not later than 180 days after
10 the date of enactment of this subsection, the head of
11 each Federal agency shall, with concurrence of the
12 Administrator, issue a policy on the reduction of
13 contract bundling.

14 “(6) BEST PRACTICES ON CONTRACT BUNDLING
15 REDUCTION AND MITIGATION.—Not later than 60
16 days after the date of the enactment of this sub-
17 section, the Administrator shall publish a guide on
18 best practices to reduce contract bundling, as di-
19 rected by the Strategy and Report on Contract Bun-
20 dling issued by the Office of Management and Budg-
21 et on October 29, 2002, and disseminate the guide
22 through the President’s Management Council.

23 “(7) SMALL BUSINESS PERFORMANCE OF
24 AGENCY LEADERSHIP.—Not later than 270 days
25 after the date of the enactment of this subsection,

1 the Administrator, together with the Administrator
2 for Federal Procurement Policy and the head of any
3 other appropriate Federal agency, shall jointly estab-
4 lish a policy on rewarding and sanctioning perform-
5 ance of Federal managers with regard to compliance
6 with this Act and the President's Initiative Against
7 Contract Bundling.

8 “(8) CONTRACT BUNDLING OVERSIGHT.—

9 “(A) POLICY.—It is the policy of Congress
10 that the Administrator shall take appropriate
11 actions to remedy contract bundling oversight
12 problems identified by the Inspector General of
13 the Administration in Report No. 5–14, titled
14 ‘Audit of the Contract Bundling Program’.

15 “(B) CORRECTIVE ACTION.—

16 “(i) ASSIGNMENT OF PROCUREMENT
17 CENTER REPRESENTATIVES.—

18 “(I) IN GENERAL.—The Admin-
19 istrator shall assign not fewer than 1
20 procurement center representative to
21 each major procurement center, as
22 designated by the Administrator
23 under section 8(l)(6) and ensure that,
24 in any case, each State has not fewer

1 than 1 resident procurement center
2 representative.

3 “(II) REPORTING.—The Admin-
4 istrator shall annually submit to Con-
5 gress a report—

6 “(aa) containing a list of
7 designations of major procure-
8 ment centers in effect during the
9 relevant fiscal year;

10 “(bb) detailing the criteria
11 for designations;

12 “(cc) containing a list of all
13 procurement activities under re-
14 view by a procurement center
15 representative or breakout pro-
16 curement center representative
17 during the relevant fiscal year;
18 and

19 “(dd) including a trend
20 analysis concerning the impact of
21 reviews and placements of pro-
22 curement center representatives
23 and breakout procurement center
24 representatives.

1 “(ii) TIMELY REVIEW OF BUNDLED
2 CONTRACTS.—Not later than 30 days after
3 receiving a submission from a Federal
4 agency, the Administrator shall review any
5 potential bundled contract submitted to the
6 Administrator for review by any Federal
7 agency.

8 “(9) CONTRACT BUNDLING MITIGATION
9 THROUGH SUBCONTRACTING.—A commercial market
10 representative may not be assigned by the Adminis-
11 trator to provide services for more than 2 States.”.

12 (b) TECHNICAL CORRECTION.—Section 15(g) of the
13 Small Business Act (15 U.S.C. 644(g)) is amended by
14 striking “Administrator of the Office of Federal Procure-
15 ment Policy” each place such term appears and inserting
16 “Administrator for Federal Procurement Policy”.

17 (c) PROCUREMENT CENTER REPRESENTATIVES.—
18 Section 15(l) of the Small Business Act (15 U.S.C. 644(l))
19 is amended—

20 (1) by striking paragraph (1) and inserting the
21 following:

22 “(1)(A) A procurement center representative shall
23 carry out the activities described in paragraph (2), and
24 shall be an advocate for—

1 “(i) the maximum practicable utilization of
2 small business concerns, whenever appropriate; and

3 “(ii) the use of full and open competition,
4 whenever appropriate, for the procurement of sup-
5 plies and services by the procurement center.

6 “(B) A procurement center representative is author-
7 ized to assist contracting officers in the performance of
8 market research in order to locate small business con-
9 cerns, small business concerns owned and controlled by so-
10 cially and economically disadvantaged individuals, small
11 business concerns owned and controlled by women, small
12 business concerns owned and controlled by service-disabled
13 veterans, small business concerns owned and controlled by
14 veterans, and HUBZone small business concerns capable
15 of satisfying agency needs.

16 “(C) Any procurement center representative assigned
17 under this paragraph shall be in addition to the represent-
18 ative referred to in subsection (k).”;

19 (2) in paragraph (2)—

20 (A) by striking “breakout” each place that term
21 appears;

22 (B) in subparagraph (F), by striking “and” at
23 the end;

24 (C) in subparagraph (G), by striking the period
25 at the end and inserting a semicolon; and

1 (D) by adding at the end the following:

2 “(H)(i) identify and review solicitations that in-
3 volve contract consolidations for potential bundling
4 of contract requirements; and

5 “(ii) recommend small business concern partici-
6 pation as contractors, including small business con-
7 cern teams, whenever appropriate, prior to the
8 issuance of a solicitation described in clause (i);

9 “(I) manage the activities of the breakout pro-
10 curement center representative, commercial mar-
11 keting representative, and technical assistant; and

12 “(J) submit an annual report to the Adminis-
13 trator containing—

14 “(i) the number of proposed solicitations
15 reviewed;

16 “(ii) the contract recommendations made
17 on behalf of small business concerns;

18 “(iii) the number and total amount of con-
19 tracts broken out from bundled or consolidated
20 contracts for full and open competition or small
21 business concern set-aside; and

22 “(iv) the number and total amount of con-
23 tract dollars awarded to small business con-
24 cerns as a result of actions taken by the pro-
25 curement center office.”;

1 (3) by redesignating paragraphs (4) through
2 (7) as paragraphs (5) through (8), respectively;

3 (4) by striking paragraph (3) and inserting the
4 following:

5 “(3)(A) The Administrator may assign a breakout
6 procurement center representative, which shall be in addi-
7 tion to any representative assigned under paragraph (1).

8 “(B) A breakout procurement center representa-
9 tive—

10 “(i) shall be an advocate for the breakout of
11 items for procurement through full and open com-
12 petition or small business concern set-aside, when-
13 ever appropriate, from new, existing, bundled, or
14 consolidated contracts; and

15 “(ii) is authorized—

16 “(I) to recommend small business concern
17 participation in existing contracts that were
18 previously not reviewed for small business con-
19 cern participation;

20 “(II) to perform the duties described in
21 paragraph (2), as necessary to perform the due
22 diligence required for a breakout recommenda-
23 tion; and

1 “(III) to appeal the failure to act favorably
2 on any recommendation made under subclause
3 (I).

4 “(C) Any appeal under subparagraph
5 (B)(ii)(III) shall be filed and processed in the same
6 manner and subject to the same conditions and limi-
7 tations as an appeal filed by the Administrator
8 under subsection (a).

9 “(4)(A) The Administrator may assign a commercial
10 marketing representative to identify and market small
11 business concerns to large prime contractors and assist
12 small business concerns in identifying and obtaining sub-
13 contracts.

14 “(B) A commercial marketing representative as-
15 signed under this paragraph shall—

16 “(i) conduct compliance reviews of prime con-
17 tractors;

18 “(ii) counsel small business concerns on how to
19 obtain subcontracts;

20 “(iii) conduct matchmaking activities to facili-
21 tate subcontracting to small business concerns;

22 “(iv) work in coordination with local small busi-
23 ness development centers, technical assistance cen-
24 ters, and other regional economic development enti-

1 ties to identify small business concerns capable of
2 competing for Federal contracts; and

3 “(v) provide orientation and training on the
4 subcontracting assistance program under section
5 8(d)(4)(E) for both large and small business con-
6 cerns.

7 “(C) Any commercial marketing representative as-
8 signed under this paragraph shall be in addition to any
9 procurement center representative assigned under para-
10 graph (1) or (3).”;

11 (5) in paragraph (5), as so designated by this
12 section—

13 (A) in the second sentence, by inserting
14 “the procurement center representative and”
15 before “the breakout procurement”; and

16 (B) in the third sentence, by striking
17 “(6)”;

18 (6) in paragraph (6), as so designated by this
19 section—

20 (A) in subparagraph (A), by striking “The
21 breakout procurement center representative”
22 and inserting the following: “The procurement
23 center representative, breakout procurement
24 center representative, commercial marketing
25 representative,”;

1 (B) by striking subparagraph (B); and

2 (C) by redesignating subparagraph (C) as
3 subparagraph (B);

4 (7) in paragraph (7), as so designated by this
5 section, by striking “other than commercial items”
6 and all that follows through the end of the para-
7 graph and inserting the following: “commercial
8 items for authorized resale, or other than commer-
9 cial items, and which has the potential to incur sig-
10 nificant savings or create significant procurement
11 opportunities for small business concerns as the re-
12 sult of the placement of a breakout procurement
13 center representative.”; and

14 (8) in paragraph (8), as so designated by this
15 section—

16 (A) by striking “breakout” each place the
17 term appears; and

18 (B) by adding at the end the following:

19 “(C) The procurement center representative shall
20 conduct training sessions to inform procurement staff at
21 Federal agencies about the reporting requirements for
22 bundled contracts and potentially bundled contracts, and
23 how to work effectively with the procurement center rep-
24 resentative assigned to such agencies to locate capable

1 small business concerns to meet the needs of the agen-
 2 cies.”.

3 **SEC. 1003. REMOVAL OF IMPEDIMENTS TO CONTRACT BUN-**
 4 **DLING DATABASE IMPLEMENTATION.**

5 Section 15(p)(5)(B) of the Small Business Act (15
 6 U.S.C. 644(p)(5)(B) is amended by striking “procurement
 7 information” and all that follows through the end of the
 8 subparagraph and inserting the following: “any relevant
 9 procurement information as may be required to implement
 10 this section, and shall perform, at the request of the Ad-
 11 ministrator, any other action necessary to enable comple-
 12 tion of the contract bundling database authorized by this
 13 section by not later than 270 days after the date of enact-
 14 ment of the Small Business Reauthorization and Improve-
 15 ments Act of 2006.”.

16 **TITLE XI—SUBCONTRACTING**
 17 **INTEGRITY**

18 **SEC. 1101. GAO RECOMMENDATIONS ON SUBCONTRACTING**
 19 **MISREPRESENTATIONS.**

20 Section 8 of the Small Business Act (15 U.S.C. 637)
 21 is amended by adding at the end the following:

22 “(o) PREVENTION OF MISREPRESENTATIONS IN
 23 SUBCONTRACTING; IMPLEMENTATION OF COMPTROLLER
 24 GENERAL’S RECOMMENDATIONS.—

1 “(1) STATEMENT OF POLICY.—It is the policy
2 of Congress that the recommendations of the Comp-
3 troller General of the United States in Report No.
4 05–459, concerning oversight improvements nec-
5 essary to ensure maximum practicable participation
6 by small business concerns in subcontracting, shall
7 be implemented governmentwide, to the maximum
8 extent possible.

9 “(2) CONTRACTOR COMPLIANCE.—Compliance
10 of Federal prime contractors with small business
11 subcontracting plans shall be evaluated as a percent-
12 age of obligated prime contract dollars, as well as a
13 percentage of subcontracts awarded.

14 “(3) ISSUANCE OF AGENCY POLICIES.—Not
15 later than 180 days after the date of enactment of
16 this subsection, the head of each Federal agency
17 shall issue a policy on small business subcontracting
18 compliance, including assignment of compliance re-
19 sponsibilities between contracting, small business,
20 and program offices and periodic oversight and re-
21 view activities.”.

1 **SEC. 1102. SMALL BUSINESS SUBCONTRACTING BAIT-AND-**
2 **SWITCH FRAUD.**

3 (a) CERTIFICATIONS REQUIRED.—Section 8(d)(6) of
4 the Small Business Act (15 U.S.C. 637(d)(6)) is amend-
5 ed—

6 (1) in subparagraph (E), by striking “and” at
7 the end;

8 (2) in subparagraph (F), by striking the period
9 at the end and inserting “; and”; and

10 (3) by adding at the end, the following:

11 “(G) certification that the offeror or bidder
12 will acquire articles, equipment, supplies, serv-
13 ices, or materials, or obtain the performance of
14 construction work from small business concerns
15 in the amount and quality used in preparing
16 and submitting to the contracting agency the
17 bid or proposal, unless such small business con-
18 cerns are no longer in business or can no longer
19 meet the quality, quantity, or delivery date.”.

20 (b) PENALTIES FOR FALSE CERTIFICATIONS.—Sec-
21 tion 16(f) of the Small Business Act (15 U.S.C. 645(f))
22 is amended by striking “of this Act” and inserting “or
23 the reporting requirements of section 8(d)(11)”.

1 **SEC. 1103. EVALUATING SUBCONTRACTING PARTICIPA-**
2 **TION.**

3 (a) **SIGNIFICANT FACTORS.**—Section 8(d)(4)(G) of
4 the Small Business Act (15 U.S.C. 637(d)(4)(G)) is
5 amended by striking “a bundled” and inserting “any”.

6 (b) **EVALUATION REPORTS.**—Section 8(d)(10) of the
7 Small Business Act (15 U.S.C. 637(d)(10)) is amended—

8 (1) by striking “is authorized to” and inserting
9 “shall”;

10 (2) in subparagraph (B), by striking “and” at
11 the end;

12 (3) in subparagraph (C), by striking the period
13 at the end and inserting “; and”; and

14 (4) by adding at the end the following:

15 “(D) report the results of each evaluation
16 under subparagraph (C) to the appropriate con-
17 tracting officers.”.

18 (c) **CENTRALIZED DATABASE; PAYMENTS PENDING**
19 **REPORTS.**—Section 8(d) of the Small Business Act (15
20 U.S.C. 637(d)) is amended—

21 (1) by redesignating paragraph (11) as para-
22 graph (14); and

23 (2) by inserting after paragraph (10) the fol-
24 lowing:

25 “(11) **CERTIFICATION.**—A report submitted by
26 the prime contractor under paragraph (6)(E) to de-

1 terminate the attainment of a subcontract utilization
2 goal under any subcontracting plan entered into
3 with a Federal agency under this subsection shall
4 contain the name and signature of the president or
5 chief executive officer of the contractor, certifying
6 that the subcontracting data provided in the report
7 are accurate and complete.

8 “(12) CENTRALIZED DATABASE.—The results
9 of an evaluation under paragraph (10)(C) shall be
10 included in a national centralized governmentwide
11 database.

12 “(13) PAYMENTS PENDING REPORTS.—Each
13 Federal agency having contracting authority shall
14 ensure that the terms of each contract for goods and
15 services includes a provision allowing the contracting
16 officer of an agency to withhold an appropriate
17 amount of payment with respect to a contract (de-
18 pending on the size of the contract) until the date
19 of receipt of complete, accurate, and timely subcon-
20 tracting reports in accordance with paragraph
21 (11).”.

1 **SEC. 1104. PILOT PROGRAM ON DIRECT PAYMENTS TO SUB-**
2 **CONTRACTORS.**

3 (a) IN GENERAL.—Section 8(d) of the Small Busi-
4 ness Act (15 U.S.C. 637(d)), as amended by this Act, is
5 amended by adding at the end the following:

6 “(15) TIMELY PAYMENT TO SMALL BUSINESS
7 SUBCONTRACTORS.—

8 “(A) IN GENERAL.—Subject to subpara-
9 graph (B), the failure of a civilian agency prime
10 contractor to make a timely payment, as deter-
11 mined under the contract with the subcon-
12 tractor, to a subcontractor that is a small busi-
13 ness concern shall be a material breach of the
14 contract with the Federal agency.

15 “(B) CONSIDERATION OF PERFORM-
16 ANCE.—Before making a determination under
17 subparagraph (A), the contracting officer shall
18 consider all reasonable issues regarding the cir-
19 cumstances surrounding the failure to make the
20 timely payment described in subparagraph (A).

21 “(C) WITHHOLDING OF PAYMENTS.—Not
22 later than 30 days after the date on which a
23 material breach is determined by the con-
24 tracting officer under subparagraph (A), the
25 Federal agency may withhold any amounts due
26 and owing the subcontractor from payments

1 due to the prime contractor and pay such
2 amounts directly to the subcontractor.”.

3 (b) SUNSET.—The amendment made by this section
4 shall remain in effect during the period beginning on the
5 date of enactment of this Act and ending on September
6 30, 2009.

7 **SEC. 1105. PILOT PROGRAM.**

8 Section 8 of the Small Business Act (15 U.S.C. 637),
9 as amended by this Act, is amended by adding at the end
10 the following:

11 “(p) SUBCONTRACTING INCENTIVES AND REMEDIAL
12 ASSISTANCE.—

13 “(1) PILOT PROGRAM ON INCENTIVES AND
14 MENTOR-PROTÉGÉ REMEDIAL ASSISTANCE.—

15 “(A) IN GENERAL.—Each Federal agency
16 on the President’s Management Council, or any
17 successor thereof, is authorized to operate a
18 pilot program to provide contractual incentives
19 to prime contractors that exceed their small
20 business subcontracting goals and to direct
21 prime contractors that fail to comply with their
22 small business subcontracting plans to fund
23 mentor-protégé assistance for small business
24 concerns (in this subsection referred to as the
25 ‘program’).

1 “(B) TERMINATION.—The authority under
2 this paragraph shall terminate on September
3 30, 2009.

4 “(2) ASSESSMENT OF MENTOR-PROTÉGÉ AS-
5 SISTANCE FUNDING.—The mentor-protégé assistance
6 funding assessed by an agency under the terms of
7 the program shall be determined in relation to the
8 dollar amount by which the prime contractor failed
9 its small business subcontracting goals.

10 “(3) EXPENDITURE OF MENTOR-PROTÉGÉ AS-
11 SISTANCE FUNDING.—The prime contractor shall ex-
12 pend the mentor-protégé assistance funding assessed
13 by the agency under the terms of the program on
14 mentor-protégé assistance to small business con-
15 cerns, as provided by a mentor-protégé agreement
16 approved by the relevant Federal agency.

17 “(4) ANNUAL REPORT REQUIRED.—Each Fed-
18 eral agency described in paragraph (1) shall submit
19 an annual report to the Committee on Small Busi-
20 ness and Entrepreneurship of the Senate and the
21 Committee on Small Business of the House of Rep-
22 resentatives containing a detailed description of the
23 pilot program, as carried out by that agency, includ-
24 ing the number of participating companies, any in-
25 centives provided to prime contractors, as appro-

1 priate, and the amounts and types of mentor-protégé
 2 assistance provided to small business concerns.”.

3 **TITLE XII—SMALL BUSINESS**
 4 **PROCUREMENT PROGRAMS**
 5 **IMPROVEMENT**

6 **SEC. 1201. DEFINITIONS.**

7 In this title—

8 (1) the term “small business concern owned
 9 and controlled by service-disabled veterans” has the
 10 same meaning as in section 3 of the Small Business
 11 Act (15 U.S.C. 632); and

12 (2) the terms “small business concern owned
 13 and controlled by socially and economically disadvan-
 14 tagged individuals” and “small business concern
 15 owned and controlled by women” have the same
 16 meanings as in section 8(d) of the Small Business
 17 Act (15 U.S.C. 637(d)).

18 **Subtitle A—HUBZone Program**

19 **SEC. 1211. HUBZONE REAUTHORIZATION.**

20 Section 31(d) of the Small Business Act (15 U.S.C.
 21 657a(d)) is amended by striking “each of fiscal years 2004
 22 through 2006” and inserting “each of fiscal years 2006
 23 through 2012”.

1 **SEC. 1212. EQUITY FOR SUBURBAN HUBZONES.**

2 Section 3(p)(4) of the Small Business Act (15 U.S.C.
3 632(p)(4)) is amended by adding at the end the following:

4 “(E) QUALIFIED SUBURBAN AREA.—The
5 term ‘qualified suburban area’ means any vil-
6 lage, city, town, economic development area
7 governed by a public authority, district, or
8 other unit of general local government—

9 “(i) located in a county that includes,
10 or is located in, a metropolitan statistical
11 area (as defined in section 143(k)(2)(B) of
12 the Internal Revenue Code of 1986); and

13 “(ii) that meets the income or unem-
14 ployment qualifications under subpara-
15 graph (B)(ii).”.

16 **Subtitle B—Service-Disabled Vet-**
17 **eran-Owned Small Business**
18 **Program**

19 **SEC. 1221. CERTIFICATION.**

20 (a) CONGRESSIONAL INTENT.—It is the intent of
21 Congress that the Administrator should accept certifi-
22 cations by other Federal agencies and State and local gov-
23 ernments and certifications from responsible national cer-
24 tifying entities, under such criteria as the Administrator
25 may prescribe, by regulation or order, in certifying small

1 business concerns owned and controlled by service-disabled
2 veterans.

3 (b) REGULATIONS.—Before implementing subsection
4 (a), the Administrator shall promulgate regulations or or-
5 ders ensuring appropriate certification safeguards to be
6 implemented by the Administration and the agencies and
7 entities described in subsection (a).

8 **SEC. 1222. TEMPORARY WAIVER.**

9 (a) IN GENERAL.—Notwithstanding any other provi-
10 sion of law, section 36(a)(1) of the Small Business Act
11 (15 U.S.C. 657f(a)(1)) does not apply to the award of a
12 contract to a small business concern owned and controlled
13 by service-disabled veterans during the period beginning
14 on the date of enactment of this Act and ending on Sep-
15 tember 30, 2009, except for the requirement that the con-
16 cern be determined to be a responsible contractor with re-
17 spect to performance of such contract opportunity.

18 (b) REPORT TO CONGRESS.—The Administrator shall
19 submit to Congress an annual report concerning the im-
20 pact of the temporary waiver authority under subsection
21 (a) on contract awards for small businesses owned and
22 controlled by service-disabled veterans.

1 **SEC. 1223. TRANSITION PERIOD FOR SURVIVING SPOUSES**
 2 **OR PERMANENT CARE GIVERS.**

3 Section 3(q)(2) of the Small Business Act (15 U.S.C.
 4 632(q)(2)) is amended by striking subparagraph (B) and
 5 inserting the following:

6 “(B) the management and daily business
 7 operations of which are controlled—

8 “(i) by 1 or more service-disabled vet-
 9 erans or, in the case of a veteran with per-
 10 manent and severe disability, the spouse or
 11 permanent care giver of such veteran; or

12 “(ii) for a period of not longer than
 13 10 years after the death of a service-dis-
 14 abled veteran, by a surviving spouse or
 15 permanent caregiver thereof.”.

16 **SEC. 1224. CONTRACTING AUTHORITY.**

17 Section 36(a) of the Small Business Act (15 U.S.C.
 18 657f(a)) is amended in the matter preceding paragraph
 19 (1), by striking “may” and inserting “shall”.

20 **Subtitle C—Women-Owned Small**
 21 **Business Program**

22 **SEC. 1231. IMPLEMENTATION DEADLINE.**

23 Not later than 90 days after the date of enactment
 24 of this Act, the Administrator shall implement the pro-
 25 curement program for small business concerns owned and

1 controlled by women under section 8(m) of the Small
2 Business Act (15 U.S.C. 637(m)).

3 **SEC. 1232. CERTIFICATION.**

4 (a) CONGRESSIONAL INTENT.—It is the intent of
5 Congress that the Administrator should accept certifi-
6 cations by other Federal agencies and State and local gov-
7 ernments and certifications from responsible national cer-
8 tifying entities, under such criteria as the Administrator
9 may prescribe, by regulation or order, in certifying small
10 business concerns owned and controlled by women for pur-
11 poses of the program under section 8(m) of the Small
12 Business Act (15 U.S.C. 637(m)).

13 (b) REGULATIONS.—Prior to implementing sub-
14 section (a), the Administrator shall promulgate regula-
15 tions ensuring appropriate certification safeguards to be
16 implemented by the Administration and the agencies and
17 entities described in subsection (a).

18 **Subtitle D—Small Disadvantaged**
19 **Business Program**

20 **SEC. 1241. CERTIFICATION.**

21 (a) CONGRESSIONAL INTENT.—It is the intent of
22 Congress that the Administrator should accept certifi-
23 cations by other Federal agencies and State and local gov-
24 ernments and certifications from responsible national cer-
25 tifying entities, under such criteria as the Administrator

1 may prescribe, by regulation or order, in certifying small
 2 business concerns owned and controlled by socially and
 3 economically disadvantaged individuals.

4 (b) REGULATIONS.—Prior to implementing sub-
 5 section (a), the Administrator shall promulgate regula-
 6 tions or orders ensuring appropriate certification safe-
 7 guards to be implemented by the Administration and the
 8 agencies and entities described in subsection (a).

9 **SEC. 1242. NET WORTH THRESHOLD.**

10 Section 8(a)(6)(A) of the Small Business Act (15
 11 U.S.C. 637(a)(6)(A)) is amended—

12 (1) by inserting “(i)” after “(6)(A)”;

13 (2) by striking “In determining the degree of
 14 diminished credit” and inserting the following:

15 “(ii)(I) In determining the degree of diminished cred-
 16 it”;

17 (3) by striking “In determining the economic
 18 disadvantage” and inserting the following:

19 “(iii) In determining the economic disadvantage”;
 20 and

21 (4) by inserting after clause (ii)(I), as so des-
 22 ignated by this section, the following:

23 “(II) The Administrator shall establish procedures
 24 that—

1 “(aa) account for inflationary adjustments to,
2 and include a reasonable assumption of, the average
3 income and net worth of market dominant competi-
4 tors; and

5 “(bb) require an annual inflationary adjustment
6 to the average income and net worth requirements
7 under this subsection.”.

8 **Subtitle E—BusinessLINC Program**

9 **SEC. 1251. BUSINESSLINC PROGRAM.**

10 Section 8(n) of the Small Business Act (15 U.S.C.
11 637(n)) is amended to read as follows:

12 “(n) BUSINESS GRANTS AND COOPERATIVE AGREE-
13 MENTS.—

14 “(1) IN GENERAL.—In accordance with this
15 subsection, the Administrator shall make grants
16 available to enter into cooperative agreements with
17 any coalition of private entities, not-for-profit enti-
18 ties, public entities, or any combination of private,
19 not-for-profit, and public entities—

20 “(A) to expand business-to-business rela-
21 tionships between large and small business con-
22 cerns; and

23 “(B) to provide, directly or indirectly, with
24 online information and a database of companies
25 that are interested in mentor-protégé programs

1 or community-based, statewide, or local busi-
2 ness development programs.

3 “(2) MATCHING REQUIREMENT.—The Adminis-
4 trator may make a grant to a coalition under para-
5 graph (1) only if the coalition provides for activities
6 described in paragraph (1)(A) or (1)(B) an amount,
7 either in-kind or in cash, equal to the grant amount.

8 “(3) AUTHORIZATION OF APPROPRIATIONS.—
9 There is authorized to be appropriated to carry out
10 this subsection \$3,000,000 for each of fiscal years
11 2007 through 2009, to remain available until ex-
12 pended.

13 “(4) REPORTS TO CONGRESS.—

14 “(A) IN GENERAL.—Not later than April
15 30, 2007, and annually thereafter, the Asso-
16 ciate Administrator of Business Development of
17 the Administration shall collect data on the
18 BusinessLINC Program and submit to the
19 Committee on Small Business and Entrepre-
20 neurship of the Senate and the Committee on
21 Small Business of the House of Representa-
22 tives, a report on the effectiveness of the
23 BusinessLINC Program.

1 “(B) CONTENTS.—Each report submitted
2 under subparagraph (A) shall include, for the
3 year covered by the report—

4 “(i) the number of programs adminis-
5 tered in each State under the
6 BusinessLINC Program;

7 “(ii) the number of grant awards
8 under each program described in clause (i)
9 and the date of each such award;

10 “(iii) the number of participating
11 large businesses and participating small
12 business concerns;

13 “(iv) the number and dollar amount
14 of the contracts in effect in each State as
15 a result of the programs run by each grant
16 recipient under the BusinessLINC Pro-
17 gram; and

18 “(v) the number of mentor-protégé,
19 teaming relationships, or partnerships cre-
20 ated as a result of the BusinessLINC Pro-
21 gram.

22 “(5) DEFINITION.—In this subsection, the term
23 ‘BusinessLINC Program’ means the grant program
24 authorized under paragraph (1).”.

TITLE XIII—ACQUISITION PROCESS

3 SEC. 1301. PROCUREMENT IMPROVEMENTS.

4 Section 15 of the Small Business Act (15 U.S.C.
5 644), as amended by this Act, is amended by adding at
6 the end the following:

7 “(r) BUNDLING DATA FIELDS.—For each contract
8 (including task or delivery orders against governmentwide
9 or other multiple award contracts, indefinite quantity or
10 indefinite delivery contracts, and blanket purchase agree-
11 ments) that is bundled or consolidated, an agency shall
12 report publicly, not later than 7 days after the date of
13 the award, by means of the Federal governmentwide pro-
14 curement data system described in subsection (c)(5)—

15 “(1) the number of contracts involving small
16 business concerns that were displaced by the bun-
17 dled or consolidated action;

18 “(2) the number of small business concerns
19 that the contracting officer identified as able to bid
20 on all or part of requirements; and

21 “(3) the projected cost savings anticipated as a
22 result of bundling or consolidating the requirements.

23 “(s) GOVERNMENTWIDE SMALL BUSINESS TRAIN-
24 ING.—The Administrator, in conjunction with the head of
25 any other appropriate Federal agency, shall coordinate the

1 development of governmentwide training courses on small
 2 business contracting and subcontracting with small busi-
 3 ness concerns, with special focus on the role of the small
 4 business specialist as a vital part of the acquisition team.”.

5 **SEC. 1302. RESERVATION OF PRIME CONTRACT AWARDS**
 6 **FOR SMALL BUSINESSES.**

7 Section 15 of the Small Business Act (15 U.S.C.
 8 644), as amended by this Act, is amended by adding at
 9 the end the following:

10 “(t) MULTIPLE AWARD CONTRACTS.—Not later than
 11 180 days after the date of enactment of this subsection,
 12 the head of each Federal agency, with the concurrence of
 13 the Administrator, shall, by regulation, establish criteria
 14 for such agency—

15 “(1) setting aside part or parts of a multiple
 16 award contract for small business concerns, includ-
 17 ing the subcategories of small business concerns
 18 identified in subsection (g)(2);

19 “(2) setting aside multiple award contracts for
 20 small business concerns, including the subcategories
 21 of small business concerns identified in subsection
 22 (g)(2); and

23 “(3) reserving 1 or more contract awards for
 24 small business concerns under full and open multiple
 25 award procurements, including the subcategories of

1 small business concerns identified in subsection
2 (g)(2).”.

3 **SEC. 1303. GAO STUDY OF REPORTING SYSTEMS.**

4 (a) STUDY REQUIRED.—The Comptroller General of
5 the United States shall conduct a study of—

6 (1) the accuracy and timeliness of data col-
7 lected under the Small Business Act (15 U.S.C. 631
8 et seq.) in the Pro-Net database of the Administra-
9 tion, or any successor database, the Federal procure-
10 ment data system described in section 15(c)(5) of
11 the Small Business Act (15 U.S.C. 644(c)(5)), and
12 the Subcontracting Reporting System; and

13 (2) the availability of small business informa-
14 tion in these computer-based systems to Congress,
15 Federal agencies, and the public.

16 (b) MATTERS COVERED.—The study conducted
17 under subsection (a) shall include—

18 (1) an assessment of the accuracy and timeli-
19 ness of the information provided by the data collec-
20 tion systems described in subsection (a)(1) and rec-
21 ommendations as to how any deficiencies in such
22 systems can be eliminated;

23 (2) a review of the system manuals for such
24 systems and a determination of the adequacy of such

1 manuals in assisting proper operation and adminis-
2 tration of the systems;

3 (3) a review of the user manuals for such sys-
4 tems and a determination of the clarity and ease of
5 use of such manuals in assisting those reporting into
6 such systems and those obtaining information from
7 such systems;

8 (4) the adequacy of the training given to indi-
9 viduals responsible for reporting into such systems
10 and recommendations for any necessary improve-
11 ments;

12 (5) an assessment of the adequacy of any safe-
13 guards in such systems against the reporting of in-
14 accurate and untimely data and the need for any ad-
15 ditional safeguards; and

16 (6) the system architecture, Internet access,
17 user-friendly characteristics, flexibility to add new
18 data fields, ability to provide structured and
19 unstructured reports, range of information necessary
20 to meet user needs, and adequacy of system and
21 user manuals and instructions of such systems.

22 (c) REPORT.—Not later than November 30, 2007,
23 the Comptroller General shall submit to the Committee
24 on Small Business and Entrepreneurship of the Senate
25 and the Committee on Small Business of the House of

1 Representatives a report containing the results of the
2 study under this section.

3 **SEC. 1304. MEETING SMALL BUSINESS GOALS.**

4 Section 15 of the Small Business Act (15 U.S.C.
5 644), as amended by this Act, is amended by adding at
6 the end the following:

7 “(u) MEETING SMALL BUSINESS GOALS.—Before
8 setting aside a contract for small business concerns, Fed-
9 eral agency contracting officers shall consider setting aside
10 the contract for small business concerns owned and con-
11 trolled by service disabled veterans, qualified HUBZone
12 small business concerns, small business concerns owned
13 and controlled by socially and economically disadvantaged
14 individuals, small business concerns owned and controlled
15 by women, or any other subcategory of small business con-
16 cerns for which goals may be established by law, regula-
17 tion, or policy, in the order in which the goals for such
18 subcategories of small business concerns under subsection
19 (g)(2) were not met by the agency in the fiscal year before
20 the fiscal year of such consideration, from the most defi-
21 cient to the least deficient.”.

22 **SEC. 1305. MICROPURCHASE GUIDELINES.**

23 Not later than 180 days after the date of enactment
24 of this Act, the Director of the Office of Management and
25 Budget shall issue guidelines regarding the analysis of

1 purchase card expenditures to identify opportunities for
 2 achieving and accurately measuring fair participation of
 3 small business concerns in micropurchases, consistent with
 4 the national policy on small business participation in Fed-
 5 eral procurements set forth in sections 2(a) and 15(g) of
 6 the Small Business Act (15 U.S.C. 631(a) and 644(g)),
 7 and dissemination of best practices for participation of
 8 small business concerns in micropurchases.

9 **SEC. 1306. REPORTING ON OVERSEAS CONTRACTS.**

10 At the end of each fiscal year, the Administrator shall
 11 submit to Congress a report identifying what portion of
 12 contracts and subcontracts awarded for performance out-
 13 side of the United States were awarded to small business
 14 concerns.

15 **SEC. 1307. AGENCY ACCOUNTABILITY.**

16 (a) IN GENERAL.—Section 15(g)(2) of the Small
 17 Business Act (15 U.S.C. 644(g)(2)) is amended—

18 (1) by inserting “(A)” after “(2)”;

19 (2) in the first sentence, by striking “shall,
 20 after consultation” and inserting the following:
 21 “shall—

22 “(i) after consultation”;

23 (3) by striking “agency. Goals established” and
 24 inserting the following: “agency;

1 “(ii) identify a percentage of the procurement
2 budget of the agency to be awarded to small busi-
3 ness concerns, in consultation with the Office of
4 Small and Disadvantaged Business Utilization of the
5 agency, which information shall be included in the
6 strategic plan required under section 306 of title 5,
7 United States Code, and the annual budget submis-
8 sion to Congress by that agency, and, upon request,
9 in any testimony provided by that agency before
10 Congress in connection with the budget process; and

11 “(iii) report, as part of its annual performance
12 plan, the extent to which the agency achieved the
13 goals referred to in clause (ii), and appropriate jus-
14 tification for any failure to do so.

15 “(B) Goals established”;

16 (4) by striking “Whenever” and inserting the
17 following:

18 “(C) Whenever”;

19 (5) by striking “For the purpose of” and insert-
20 ing the following:

21 “(D) For the purpose of”;

22 (6) in the last sentence—

23 (A) by striking “(A) contracts” and insert-
24 ing “(i) contracts”; and

1 (B) by striking “(B) contracts” and insert-
2 ing “(ii) contracts”; and

3 (7) by adding at the end the following:

4 “(E)(i) Each procurement employee described in
5 clause (ii)—

6 “(I) shall communicate to their subordinates
7 the importance of achieving small business goals;
8 and

9 “(II) shall have as an annual performance eval-
10 uation factor, where appropriate, the success of that
11 procurement employee in small business utilization,
12 in accordance with the goals established under this
13 subsection.

14 “(ii) A procurement employee described in this clause
15 is a senior procurement executive, senior program man-
16 ager, or small and disadvantaged business utilization man-
17 ager of a Federal agency having contracting authority.”.

18 (b) ANNUAL REPORTS.—Section 10(d) of the Small
19 Business Act (15 U.S.C. 639(d)) is amended—

20 (1) by inserting “and each agency that is a
21 member of the President’s Management Council (or
22 any successor thereto)” after “Department of De-
23 fense” the first place that term appears; and

1 (2) by inserting “or that agency” after “De-
 2 partment of Defense” the second place that term ap-
 3 pears.

4 **TITLE XIV—SMALL BUSINESS**
 5 **SIZE AND STATUS INTEGRITY**

6 **SEC. 1401. POLICY AND PRESUMPTIONS.**

7 Section 3 of the Small Business Act (15 U.S.C. 632)
 8 is amended by adding at the end the following:

9 “(s) PRESUMPTION.—

10 “(1) IN GENERAL.—In every contract, sub-
 11 contract, cooperative agreement, cooperative re-
 12 search and development agreement, or grant which
 13 is set aside, reserved, or otherwise classified as in-
 14 tended for award to small business concerns, there
 15 shall be a presumption of loss to the United States
 16 based on the total dollars expended on such con-
 17 tract, subcontract, cooperative agreement, coopera-
 18 tive research and development agreement, or grant
 19 whenever it is established that a business concern
 20 other than a small business concern willfully sought
 21 and received the award by misrepresentation.

22 “(2) DEEMED CERTIFICATIONS.—The following
 23 actions shall be deemed affirmative, willful, and in-
 24 tentional certifications of small business size and
 25 status:

1 “(A) Submission of a bid or proposal for a
2 Federal grant, contract, subcontract, coopera-
3 tive agreement, or cooperative research and de-
4 velopment agreement reserved, set aside, or oth-
5 erwise classified as intended for award to small
6 business concerns.

7 “(B) Submission of a bid or proposal for
8 a Federal grant, contract, subcontract, coopera-
9 tive agreement, or cooperative research and de-
10 velopment agreement which in any way encour-
11 ages a Federal agency to classify such bid or
12 proposal, if awarded, as an award to a small
13 business concern.

14 “(C) Registration on any Federal elec-
15 tronic database for the purpose of being consid-
16 ered for award of a Federal grant, contract,
17 subcontract, cooperative agreement, or coopera-
18 tive research agreement, as a small business
19 concern.

20 “(3) PAPER-BASED CERTIFICATION BY SIGNA-
21 TURE OF RESPONSIBLE OFFICIAL.—

22 “(A) IN GENERAL.—Each solicitation, bid,
23 or application for a Federal contract, sub-
24 contract, or grant shall contain a certification
25 concerning the small business size and status of

1 a business concern seeking such Federal con-
 2 tract, subcontract, or grant.

3 “(B) CONTENT OF CERTIFICATIONS.—A
 4 certification that a business concern qualifies as
 5 a small business concern of the exact size and
 6 status claimed by such business concern for
 7 purposes of bidding on a Federal contract or
 8 subcontract, or applying for a Federal grant,
 9 shall contain the signature of a director, officer,
 10 or counsel on the same page on which the cer-
 11 tification is contained.

12 “(4) REGULATIONS.—The Administrator shall
 13 promulgate regulations to provide adequate protec-
 14 tions to individuals and business concerns from li-
 15 ability under this subsection in cases of uninten-
 16 tional errors, technical malfunctions, and other simi-
 17 lar situations.”.

18 **SEC. 1402. ANNUAL CERTIFICATION.**

19 Section 3 of the Small Business Act (15 U.S.C. 632),
 20 as amended by this Act, is amended by adding at the end
 21 the following:

22 “(t) ANNUAL CERTIFICATION.—

23 “(1) IN GENERAL.—Each business certified as
 24 a small business concern under this Act shall annu-
 25 ally certify its small business size and, if appro-

1 piate, its small business status, by means of a con-
2 firming entry on the Pro-Net database of the Ad-
3 ministration, or any successor thereto.

4 “(2) REGULATIONS.—Not later than 120 days
5 after the date of enactment of this subsection, the
6 Administrator, in consultation with the Inspector
7 General and the Chief Counsel for Advocacy of the
8 Administration, shall promulgate regulations to en-
9 sure that—

10 “(A) no business concern continues to be
11 certified as a small business concern on the
12 Pro-Net database of the Administration, or any
13 successor thereto, without fulfilling the require-
14 ments for annual certification under this sub-
15 section; and

16 “(B) the requirements of this subsection
17 are implemented in a manner presenting the
18 least possible regulatory burden on small busi-
19 ness concerns.

20 “(3) DETERMINATION OF SIZE STATUS.—Small
21 business size or status for purposes of this Act shall
22 be determined at the time of the award of a Fed-
23 eral—

24 “(A) contract, provided that, in the case of
25 interagency multiple award contracts, small

1 business size, or status shall be determined an-
 2 nually, except for purposes of the award of each
 3 task or delivery order set aside or reserved for
 4 small business concerns;

5 “(B) subcontract;

6 “(C) grant;

7 “(D) cooperative agreement; or

8 “(E) cooperative research and development
 9 agreement.”.

10 **SEC. 1403. SBA SUSPENSIONS AND DEBARMENTS AUTHOR-**
 11 **ITY.**

12 Section 16(d)(2)(C) of the Small Business Act (15
 13 U.S.C. 645(d)(2)(C)) is amended by inserting after “(or
 14 any successor regulation)” the following: “or as specified
 15 in part 145 of title 13, Code of Federal Regulations (or
 16 any corresponding similar regulation or ruling)”.

17 **SEC. 1404. MEANINGFUL PROTESTS OF SMALL BUSINESS**
 18 **SIZE AND STATUS.**

19 The Small Business Act (15 U.S.C. 631 et seq.) is
 20 amended by inserting after section 37, as added by this
 21 Act, the following:

22 **“SEC. 38. SMALL BUSINESS SIZE AND STATUS PROTEST SYS-**
 23 **TEM.**

24 “(a) DEFINITIONS.—In this section:

1 “(1) PROTEST.—The term ‘protest’ means a
2 written objection by an interested party to a viola-
3 tion of any small business size or status requirement
4 established under any provision of law, including
5 section 3, in connection with—

6 “(A) a solicitation or other request by a
7 Federal agency for offers for a contract for the
8 procurement of property or services;

9 “(B) the cancellation of such a solicitation
10 or other request;

11 “(C) an award or proposed award of such
12 a contract; or

13 “(D) a termination or cancellation of an
14 award of such a contract, if the written objec-
15 tion contains an allegation that the termination
16 or cancellation is based in whole or in part on
17 improprieties concerning the award of the con-
18 tract.

19 “(2) INTERESTED PARTY.—

20 “(A) IN GENERAL.—The term ‘interested
21 party’, with respect to a contract or a solicita-
22 tion or other request for offers described in
23 paragraph (1), means an actual or prospective
24 bidder or offeror whose direct economic interest

1 would be affected by the award of the contract
2 or by failure to award the contract.

3 “(B) INCLUSIONS.—The term ‘interested
4 party’ includes the official responsible for sub-
5 mitting the Federal agency tender in a public-
6 private competition conducted under Office of
7 Management and Budget Circular A–76 (or any
8 successor thereto) regarding an activity or func-
9 tion of a Federal agency performed by more
10 than 65 full-time equivalent employees of the
11 Federal agency.

12 “(3) FEDERAL AGENCY.—The term ‘Federal
13 agency’ has the same meaning as in section 102 of
14 title 40, United States Code.

15 “(b) REVIEW OF PROTESTS; EFFECT ON CONTRACTS
16 PENDING DECISION.—

17 “(1) IN GENERAL.—Under procedures estab-
18 lished under subsection (d), the Administrator shall
19 decide a protest submitted to the Administrator by
20 an interested party.

21 “(2) RECEIPTS OF PROTESTS.—

22 “(A) IN GENERAL.—Not later than 1 day
23 after the receipt of a protest, the Administrator
24 shall notify the Federal agency involved of the
25 protest.

1 “(B) AGENCIES.—Except as provided in
2 subparagraph (C), a Federal agency receiving a
3 notice of a protested procurement under sub-
4 paragraph (A) shall submit to the Adminis-
5 trator a complete report (including all relevant
6 documents) on the small business size or status
7 aspects of the protested procurement—

8 “(i) not later than 30 days after the
9 date of the receipt of that notice by the
10 agency;

11 “(ii) if the Administrator, upon a
12 showing by the Federal agency, determines
13 (and states the reasons in writing) that the
14 specific circumstances of the protest re-
15 quire a longer period, within the longer pe-
16 riod determined by the Administrator; or

17 “(iii) in a case determined by the Ad-
18 ministrator to be suitable for the express
19 option under subsection (c)(1)(B), not
20 later than 20 days after the date of the re-
21 ceipt of that determination by the agency.

22 “(C) EXCEPTIONS.—A Federal agency
23 need not submit a report to the Administrator
24 under subparagraph (B) if the agency is noti-
25 fied by the Administrator before the date on

1 which such report is to be submitted that the
2 protest concerned has been dismissed under
3 subsection (c)(1)(D).

4 “(3) AWARD OF CONTRACTS.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraph (B), a contract may not be
7 awarded in any procurement after the Federal
8 agency has received notice of a protest with re-
9 spect to such procurement from the Adminis-
10 trator and while the protest is pending.

11 “(B) EXCEPTIONS.—The head of the pro-
12 curing activity responsible for award of a con-
13 tract may authorize the award of the contract
14 (notwithstanding a protest of which the Federal
15 agency has notice under this section)—

16 “(i) upon a written finding that ur-
17 gent and compelling circumstances which
18 significantly affect interests of the United
19 States will not permit waiting for the deci-
20 sion of the Administrator under this sec-
21 tion; and

22 “(ii) after the Administrator is ad-
23 vised of that finding.

24 “(C) URGENT AND COMPELLING CIR-
25 CUMSTANCES.—A finding may not be made

1 under subparagraph (B)(i), unless the award of
2 the contract is otherwise likely to occur within
3 30 days after the making of such finding.

4 “(4) PERFORMANCE.—

5 “(A) IN GENERAL.—A contractor awarded
6 a Federal agency contract may, during the pe-
7 riod described in subparagraph (D), begin per-
8 formance of the contract and engage in any re-
9 lated activities that result in obligations being
10 incurred by the United States under the con-
11 tract, unless the contracting officer responsible
12 for the award of the contract withholds author-
13 ization to proceed with performance of the con-
14 tract.

15 “(B) AUTHORIZATION WITHHELD.—The
16 contracting officer may withhold an authoriza-
17 tion to proceed with performance of the con-
18 tract during the period described in subpara-
19 graph (D) if the contracting officer determines
20 in writing that—

21 “(i) a protest is likely to be filed with
22 the Administrator alleging a violation of a
23 small business size or status requirement;
24 and

1 “(ii) the immediate performance of
2 the contract is not in the best interests of
3 the United States.

4 “(C) NOTICE OF PROTEST.—

5 “(i) IN GENERAL.—If the Federal
6 agency awarding the contract receives no-
7 tice of a protest in accordance with this
8 subsection during the period described in
9 subparagraph (D)—

10 “(I) the contracting officer may
11 not authorize performance of the con-
12 tract to begin while the protest is
13 pending; or

14 “(II) if authorization for contract
15 performance to proceed was not with-
16 held in accordance with subparagraph
17 (B) before receipt of the notice, the
18 contracting officer shall immediately
19 direct the contractor to cease perform-
20 ance under the contract and to sus-
21 pend any related activities that may
22 result in additional obligations being
23 incurred by the United States under
24 that contract.

1 “(ii) PERFORMANCE.—Performance
2 and related activities suspended under
3 clause (i)(II) by reason of a protest may
4 not be resumed while the protest is pend-
5 ing.

6 “(iii) EXCEPTIONS.—The head of the
7 procuring activity may authorize the per-
8 formance of the contract (notwithstanding
9 a protest of which the Federal agency has
10 notice under this section)—

11 “(I) upon a written finding
12 that—

13 “(aa) performance of the
14 contract is in the best interests
15 of the United States; or

16 “(bb) urgent and compelling
17 circumstances that significantly
18 affect interests of the United
19 States will not permit waiting for
20 the decision of the Administrator
21 concerning the protest; and

22 “(II) after the Administrator is
23 notified of that finding.

24 “(D) TIME PERIOD.—The period described
25 in this subparagraph, with respect to a con-

1 tract, is the period beginning on the date of the
2 contract award and ending on the later of—

3 “(i) the date that is 10 days after the
4 date of the contract award; or

5 “(ii) the date that is 5 days after the
6 debriefing date offered to an unsuccessful
7 offeror for any debriefing that is requested
8 and, when requested, is required.

9 “(5) NONDELEGATION.—The authority of the
10 head of the procuring activity to make findings and
11 to authorize the award and performance of contracts
12 under paragraphs (3) and (4) may not be delegated.

13 “(6) PROVISION OF DOCUMENTS.—

14 “(A) IN GENERAL.—Within such deadlines
15 as the Administrator prescribes, and upon re-
16 quest, each Federal agency shall provide to an
17 interested party any document relevant to a
18 protested procurement action (including the re-
19 port required by paragraph (2)(B)) that would
20 not give that party a competitive advantage and
21 that the party is otherwise authorized by law to
22 receive.

23 “(B) PROTECTIVE ORDERS.—

24 “(i) IN GENERAL.—The Administrator
25 may issue protective orders which establish

1 terms, conditions, and restrictions for the
2 provision of any document to a party
3 under subparagraph (A), that prohibit or
4 restrict the disclosure by the party of in-
5 formation described in clause (ii) that is
6 contained in such a document.

7 “(ii) TYPES OF INFORMATION.—Infor-
8 mation referred to in clause (i) is procure-
9 ment sensitive information, trade secrets,
10 or other proprietary or confidential re-
11 search, development, or commercial infor-
12 mation.

13 “(iii) INFORMATION TO THE FEDERAL
14 GOVERNMENT.—A protective order under
15 this subparagraph shall not be considered
16 to authorize the withholding of any docu-
17 ment or information from Congress or an
18 executive agency.

19 “(7) INTERESTED PARTIES.—If an interested
20 party files a protest in connection with a public-pri-
21 vate competition described in subsection (a)(2)(B), a
22 person representing a majority of the employees of
23 the Federal agency who are engaged in the perform-
24 ance of the activity or function subject to the public-
25 private competition may intervene in protest.

1 “(c) DECISIONS ON PROTESTS.—

2 “(1) IN GENERAL.—

3 “(A) INEXPENSIVE AND EXPEDITIOUS RES-
4 OLUTION.—To the maximum extent practicable,
5 the Administrator shall provide for the inexpen-
6 sive and expeditious resolution of protests under
7 this section. Except as provided under subpara-
8 graph (B), the Administrator shall issue a final
9 decision concerning a protest not later than 100
10 days after the date on which the protest is sub-
11 mitted to the Administration.

12 “(B) EXPRESS OPTION.—The Adminis-
13 trator shall, by regulation established under
14 subsection (d), establish an express option for
15 deciding those protests which the Administrator
16 determines suitable for resolution, not later
17 than 65 days after the date on which the pro-
18 test is submitted.

19 “(C) AMENDMENTS.—An amendment to a
20 protest that adds a new ground of protest, if
21 timely made, should be resolved, to the max-
22 imum extent practicable, within the time limit
23 established under subparagraph (A) for final
24 decision of the initial protest. If an amended
25 protest cannot be resolved within such time

1 limit, the Administrator may resolve the amend-
2 ed protest through the express option under
3 subparagraph (B).

4 “(D) FRIVOLOUS PROTESTS.—The Admin-
5 istrator may dismiss a protest that the Admin-
6 istrator determines is frivolous or which, on its
7 face, does not state a valid basis for protest.

8 “(2) COMPLIANCE WITH LAW.—

9 “(A) IN GENERAL.—With respect to a so-
10 licitation for a contract, or a proposed award or
11 the award of a contract, protested under this
12 section, the Administrator may determine
13 whether the solicitation, proposed award, or
14 award complies with statutes and regulations
15 regarding small business size or status. If the
16 Administrator determines that the solicitation,
17 proposed award, or award does not comply with
18 a statute or regulation, the Administrator shall
19 recommend that the Federal agency—

20 “(i) refrain from exercising any of its
21 options under the contract;

22 “(ii) recompete the contract imme-
23 diately;

24 “(iii) issue a new solicitation;

25 “(iv) terminate the contract;

1 “(v) award a contract consistent with
2 the requirements of such statutes and reg-
3 ulations; or

4 “(vi) implement such other rec-
5 ommendations as the Administrator deter-
6 mines to be necessary in order to promote
7 compliance with procurement statutes and
8 regulations.

9 “(B) BEST INTERESTS OF UNITED
10 STATES.—If the head of the procuring activity
11 responsible for a contract makes a finding de-
12 scribed in subsection (b)(4)(C)(iii)(I)(aa), the
13 Administrator shall make recommendations
14 under this paragraph without regard to any
15 cost or disruption from terminating, recom-
16 peting, or reawarding the contract.

17 “(C) IMPLEMENTATION.—If the Federal
18 agency fails to implement fully the rec-
19 ommendations of the Administrator under this
20 paragraph with respect to a solicitation for a
21 contract or an award or proposed award of a
22 contract by the date that is 60 days after the
23 date on which the agency received the rec-
24 ommendations, the head of the procuring activ-
25 ity responsible for that contract shall report

1 such failure to the Administrator not later than
2 5 days after the end of such 60-day period.

3 “(3) PAYMENT OF COSTS.—

4 “(A) IN GENERAL.—If the Administrator
5 determines that a solicitation for a contract or
6 a proposed award or the award of a contract
7 does not comply with a statute or regulation,
8 the Administrator may recommend that the
9 Federal agency conducting the procurement pay
10 to an appropriate interested party the costs
11 of—

12 “(i) filing and pursuing the protest,
13 including reasonable attorney’s fees and
14 consultant and expert witness fees; and

15 “(ii) bid and proposal preparation.

16 “(B) COSTS NOT INCLUDED.—No party
17 (other than a small business concern) may be
18 paid, under a recommendation made under the
19 authority of subparagraph (A)—

20 “(i) costs for consultant and expert
21 witness fees that exceed the highest rate of
22 compensation for expert witnesses paid by
23 the Federal Government; or

24 “(ii) costs for attorney’s fees that ex-
25 ceed \$300 per hour, unless the agency de-

1 termines, based on the recommendation of
2 the Administrator on a case by case basis,
3 that an increase in the cost of living or a
4 special factor, such as the limited avail-
5 ability of qualified attorneys for the pro-
6 ceedings involved, justifies a higher fee.

7 “(C) RECOMMENDATION TO PAY COSTS.—

8 If the Administrator recommends under sub-
9 paragraph (A) that a Federal agency pay costs
10 to an interested party, the Federal agency
11 shall—

12 “(i) pay the costs promptly; or

13 “(ii) if the Federal agency does not
14 make such payment, promptly report to
15 the Administrator the reasons for the fail-
16 ure to follow the Administrator’s rec-
17 ommendation.

18 “(D) AGREEMENT ON AMOUNT.—If the
19 Administrator recommends under subparagraph
20 (A) that a Federal agency pay costs to an inter-
21 ested party, the Federal agency and the inter-
22 ested party shall attempt to reach an agreement
23 on the amount of the costs to be paid. If the
24 Federal agency and the interested party are un-
25 able to agree on the amount to be paid, the Ad-

1 administrator may, upon the request of the inter-
2 ested party, recommend to the Federal agency
3 the amount of the costs that the Federal agency
4 should pay.

5 “(4) DECISIONS.—Each decision of the Admin-
6 istrator under this section shall be signed by the Ad-
7 ministrator or a designee for that purpose. A copy
8 of the decision shall be made available to the inter-
9 ested parties, the head of the procuring activity re-
10 sponsible for the solicitation, proposed award, or
11 award of the contract, and the senior procurement
12 executive of the Federal agency involved.

13 “(5) REPORTS.—

14 “(A) FAILURE TO IMPLEMENT REC-
15 OMMENDATIONS.—

16 “(i) IN GENERAL.—The Administrator
17 shall report promptly to the Committee on
18 Small Business and Entrepreneurship of
19 the Senate and to the Committee on Small
20 Business of the House of Representatives
21 any case in which a Federal agency fails to
22 implement fully a recommendation of the
23 Administrator under paragraph (2) or (3).

24 “(ii) CONTENTS.—Each report under
25 clause (i) shall include—

1 “(I) a comprehensive review of
2 the pertinent procurement, including
3 the circumstances of the failure of the
4 Federal agency to implement a rec-
5 ommendation of the Administrator;
6 and

7 “(II) a recommendation regard-
8 ing whether, in order to correct an in-
9 equity or to preserve the integrity of
10 the procurement process, Congress
11 should consider—

12 “(aa) private relief legisla-
13 tion;

14 “(bb) legislative rescission or
15 cancellation of funds;

16 “(cc) further investigation
17 by Congress; or

18 “(dd) other action.

19 “(B) ANNUAL REPORTS.—Not later than
20 January 31 of each year, the Administrator
21 shall transmit to Congress a report containing
22 a summary of each instance in which a Federal
23 agency did not fully implement a recommenda-
24 tion of the Administrator under subsection (b)
25 or this subsection during the preceding year.

1 The report shall also describe each instance in
2 which a final decision in a protest was not ren-
3 dered within 100 days after the date on which
4 the protest was submitted to the Administrator.

5 “(d) REGULATIONS; AUTHORITY OF ADMINISTRATOR
6 TO VERIFY ASSERTIONS.—

7 “(1) IN GENERAL.—The Administrator shall es-
8 tablish such procedures as may be necessary for the
9 expeditious decision of protests under this section,
10 including procedures for accelerated resolution of
11 protests under the express option authorized by sub-
12 section (c)(1)(B). Such procedures shall provide that
13 the protest process may not be delayed by the failure
14 of a party to make a filing within the time provided
15 for the filing.

16 “(2) COMPUTATION OF TIME.—The procedures
17 established under paragraph (1) shall provide that,
18 in the computation of any period described in this
19 section—

20 “(A) the day of the act, event, or default
21 from which the designated period of time begins
22 to run not be included; and

23 “(B) the last day after such act, event, or
24 default be included, unless—

1 “(i) such last day is a Saturday, a
2 Sunday, or a legal holiday; or

3 “(ii) in the case of a filing of a paper
4 at the Administration or another Federal
5 agency, such last day is a day on which
6 weather or other conditions cause the clos-
7 ing of the Administration or other Federal
8 agency, in which event the next day that is
9 not a Saturday, Sunday, or legal holiday
10 shall be included.

11 “(3) ELECTRONIC FILING.—The Administrator
12 may prescribe procedures for the electronic filing
13 and dissemination of documents and information re-
14 quired under this section. In prescribing such proce-
15 dures, the Administrator shall consider the ability of
16 all parties to achieve electronic access to such docu-
17 ments and records.

18 “(e) ENFORCEMENT.—The Administrator may use
19 any authority available under this Act or any other provi-
20 sion of law to verify assertions made by parties in protests
21 under this section.

22 “(f) REGULATIONS.—The Administrator may issue
23 regulations regarding the use of the protest authority to
24 consider small business size or status challenges under

1 this section in matters involving any other program for
2 small business concerns.”.

3 **SEC. 1405. TRAINING FOR CONTRACTING AND ENFORCE-**
4 **MENT PERSONNEL.**

5 (a) IN GENERAL.—Not later than 270 days after the
6 date of enactment of this Act, the head of each appro-
7 priate Federal agency or entity shall, in consultation with
8 the Administrator or the Inspector General of the Admin-
9 istration, as appropriate, develop courses concerning prop-
10 er classification of business concerns and small business
11 size and status for purposes of Federal contracts, sub-
12 contracts, grants, cooperative agreements, and cooperative
13 research and development agreements.

14 (b) POLICY ON PROSECUTIONS OF SMALL BUSINESS
15 SIZE AND STATUS FRAUD.—Section 3 of the Small Busi-
16 ness Act (15 U.S.C. 632), as amended by this Act, is
17 amended by adding at the end the following:

18 “(u) POLICY ON PROSECUTIONS OF SMALL BUSI-
19 NESS SIZE AND STATUS FRAUD.—Not later than 180
20 days after the date of enactment of this subsection, the
21 head of each relevant Federal agency and the Inspector
22 General of the Administration shall issue a government-
23 wide policy on prosecution of small business size and sta-
24 tus fraud.”.

1 **SEC. 1406. PROTESTS OF SOLE SOURCE AWARDS.**

2 Section 3 of the Small Business Act (15 U.S.C. 632),
3 as amended by this Act, is amended by adding at the end
4 the following:

5 “(v) PROTESTS OF SOLE SOURCE AWARDS.—Not-
6 withstanding any other provision of law, whether a busi-
7 ness concern that is an offeror on any sole source prime
8 contract or subcontract awarded under this Act satisfies
9 the size and status requirements under this Act may be
10 protested by any interested party that is a small business
11 concern.”.

12 **SEC. 1407. SMALL BUSINESS SIZE AND STATUS FOR PUR-**
13 **POSE OF MULTIPLE AWARD CONTRACTS.**

14 Section 3 of the Small Business Act (15 U.S.C. 632),
15 as amended by this Act, is amended by adding at the end
16 the following:

17 “(w) SMALL BUSINESS SIZE AND STATUS FOR PUR-
18 POSE OF MULTIPLE AWARD CONTRACTS.—

19 “(1) IN GENERAL.—A business concern that en-
20 ters a multiple award contract of any kind with the
21 Federal Government shall in any year in which such
22 a contract is in effect, submit an annual statement
23 at the end of its fiscal year recertifying its small
24 business size and status to the Federal agency which
25 awarded the contract.

1 “(2) RELATION TO OTHER LAWS.—Compliance
2 with paragraph (1) shall not affect the obligation of
3 a business concern to comply with other provisions
4 of law concerning small business size or status.”.

5 **SEC. 1408. SIZE STANDARDS DEVELOPMENT.**

6 (a) IN GENERAL.—Section 3(a)(2) of the Small Busi-
7 ness Act (15 U.S.C. 632(a)(2)) is amended by adding at
8 the end the following:

9 “(D) TIERED SIZE STANDARDS.—The Ad-
10 ministrator may establish 2 or more tiers within
11 an overall small business size standard cap for
12 the purpose of facilitating the growth and devel-
13 opment of small business concerns and facili-
14 tating peer-based competition among small
15 business concerns for Federal contracts and
16 subcontracts. In establishing tier-based size
17 standards under this subparagraph, the Admin-
18 istrator shall take into account national and
19 international industry conditions, including the
20 size of industry leaders, the size of emerging
21 small business concerns and very small business
22 concerns, and the trends in the sizes of Federal
23 contracts and subcontracts. The Administrator
24 shall establish dollar-based thresholds within
25 each industrial category for contracts and sub-

1 contracts suitable for reservation solely to small
2 business concerns within a lower tier in that in-
3 dustrial category.”.

4 (b) RESERVATION OF CONTRACTS.—Section 15 of
5 the Small Business Act (15 U.S.C. 644), as amended by
6 this Act, is amended by adding at the end the following:

7 “(v) TIERED SIZE STANDARDS.—The head of pro-
8 curement for each Federal agency shall attempt to reserve
9 contracts valued below the thresholds established by the
10 Administrator under section 3(a)(2)(D) to small business
11 concerns in a lower tier, unless market research indicates
12 that such reservation will not result in securing a competi-
13 tive price to the Federal Government from 2 or more re-
14 sponsible contractors. Small business concerns in a lower
15 tier may bid on contracts for their requisite tier, any high-
16 er tier, or contracts open to other than small business con-
17 cerns.”.

18 **SEC. 1409. FULL-TIME EMPLOYEE EQUIVALENTS.**

19 Section 3(a)(2) of the Small Business Act (15 U.S.C.
20 632(a)(2)), as amended by this Act, is amended by adding
21 at the end the following:

22 “(E) FULL-TIME EMPLOYEE EQUIVA-
23 LENTS.—In computing the number of employ-
24 ees for purposes of size determinations under

1 this Act, the Administrator shall utilize the full-
2 time equivalents method.”.

3 **TITLE XV—SMALL BUSINESS IN-**
4 **NOVATION RESEARCH AND**
5 **SMALL BUSINESS TECH-**
6 **NOLOGY TRANSFER PRO-**
7 **GRAMS**

8 **SEC. 1501. DEFINITIONS.**

9 In this title, the terms “extramural budget”, “Small
10 Business Innovation Research Program”, “SBIR”,
11 “Small Business Technology Transfer Program”, and
12 “STTR” have the same meanings as in section 9 of the
13 Small Business Act (15 U.S.C. 638).

14 **SEC. 1502. CONGRESSIONAL FINDINGS AND POLICY.**

15 (a) FINDINGS.—Congress finds that—

16 (1) Federal agency practices excluding small
17 business concerns from Federal research and devel-
18 opment efforts have wasted taxpayer funds and sti-
19 fled national competitiveness;

20 (2) according to studies conducted for the Of-
21 fice of Advocacy of the Administration, small busi-
22 ness concerns hold 41 percent of the Nation’s pat-
23 ents, obtain 13 times more patents per employee
24 than large business concerns, and obtain patents

1 which are twice as technologically significant as
2 large business patents; and

3 (3) according to the annual reports of the Na-
4 tional Science Foundation, small business concerns
5 consistently receive less than 5 percent of Federal
6 extramural research and development funding.

7 (b) POLICY.—It is the policy of Congress to promote
8 effectiveness in Federal research and development efforts
9 and remove barriers to participation of small business con-
10 cerns as well as of partnerships between small business
11 concerns and universities or other research institutions in
12 Federal research and development programs by strength-
13 ening the Small Business Innovation Research Program
14 and the Small Business Technology Transfer Program.

15 **Subtitle A—Small Business** 16 **Innovation Leadership**

17 **SEC. 1511. STATUS OF THE SBA OFFICE OF TECHNOLOGY;**
18 **NATIONAL ADVISORY BOARD; TRANSFER**
19 **PLAN.**

20 Section 9(b) of the Small Business Act (15 U.S.C.
21 638(b)) is amended—

22 (1) in paragraph (7), by striking “and” at the
23 end;

24 (2) in paragraph (8), by striking the period at
25 the end and inserting “; and”; and

1 (3) by adding at the end the following:

2 “(9) to maintain an Office of Technology to
3 carry its responsibilities under this section, headed
4 by the Assistant Administrator for Technology, who
5 shall be appointed by the President, in consultation
6 with the Committee on Small Business and Entre-
7 preneurship of the Senate and the Committee on
8 Small Business of the House of Representatives;

9 “(10) to submit, as a separate part of the
10 President’s budget, a request for appropriations for
11 staffing for the Office of Technology and informa-
12 tion regarding the performance of this Office, taking
13 into consideration the size of the program and the
14 statutory oversight responsibilities of the Adminis-
15 tration;

16 “(11) to appoint, in consultation with the Com-
17 mittee on Small Business and Entrepreneurship of
18 the Senate and the Committee on Small Business of
19 the House of Representatives, a National Small
20 Business Innovation and Technology Transfer Advi-
21 sory Board, consisting of not fewer than 9 members
22 to advise the Assistant Administrator for Technology
23 on all matters concerning small business innovation
24 and technology transfer;

1 “(12) submit to the Committee on Small Busi-
 2 ness and Entrepreneurship of the Senate and the
 3 Committee on Small Business of the House of Rep-
 4 resentatives not later than November 1 of each year
 5 a National Small Business Innovation and Tech-
 6 nology Transfer Plan for the appropriate fiscal year
 7 containing a forecast of research and development
 8 topics as well as commercialization opportunities in
 9 all participating Federal agencies; and

10 “(13) to annually submit to the Committee on
 11 Small Business and Entrepreneurship of the Senate
 12 and the Committee on Small Business of the House
 13 of Representatives a compilation of agency-specific
 14 and program-wide data concerning the numbers of
 15 Phase I and Phase II awards made generally and
 16 under any pilot program during the previous year.”.

17 **Subtitle B—Fair Access to Federal**
 18 **Innovations Investments**

19 **SEC. 1521. ACCURACY IN FUNDING BASE CALCULATIONS;**
 20 **COMPTROLLER GENERAL’S AUDITS.**

21 Not later than 270 days after the date of enactment
 22 of this Act, and every 3 years thereafter the Comptroller
 23 General of the United States shall—

24 (1) conduct a fiscal and management audit of
 25 the SBIR program and the STTR program to deter-

1 mine whether Federal departments and agencies are
2 complying with the set-aside requirements of this
3 title and the amendments made by this title; and

4 (2) submit a report to the Committee on Small
5 Business and Entrepreneurship of the Senate and
6 the Committee on Small Business of the House of
7 Representatives regarding the audit conducted under
8 paragraph (1).

9 **SEC. 1522. SBIR CAP INCREASE.**

10 Section 9(f)(1) of the Small Business Act (15 U.S.C.
11 638(f)(1)) is amended—

12 (1) in subparagraph (B), by striking “and” at
13 the end; and

14 (2) by striking subparagraph (C) and inserting
15 the following:

16 “(C) not less than—

17 “(i) 3 percent in fiscal year 2007;

18 “(ii) 3.5 percent in fiscal year 2008;

19 “(iii) 4 percent in fiscal year 2009;

20 and

21 “(iv) 4.5 percent in fiscal year 2010;

22 and

23 “(D) not less than 5 percent in fiscal year
24 2011 and each fiscal year thereafter.”.

1 **SEC. 1523. STTR CAP INCREASE.**

2 Section 9(n)(1)(B) of the Small Business Act (15
3 U.S.C. 638(n)(1)(B)) is amended—

4 (1) in clause (i), by striking “and” at the end;

5 (2) in clause (ii), by striking “thereafter.” and
6 inserting “through fiscal year 2006; and”; and

7 (3) by adding at the end the following:

8 “(iii) 0.6 percent for fiscal year 2007
9 and each fiscal year thereafter.”.

10 **SEC. 1524. ADJUSTMENTS IN SBIR AND STTR AWARD LEV-**
11 **ELS.**

12 (a) SBIR ADJUSTMENTS.—Section 9(j)(2)(D) of the
13 Small Business Act (15 U.S.C. 638(j)(2)(D)) is amend-
14 ed—

15 (1) by striking “\$100,000” and inserting
16 “\$150,000”; and

17 (2) by striking “\$750,000” and inserting
18 “\$1,250,000”.

19 (b) STTR ADJUSTMENTS.—Section 9(p)(2)(B)(ix) of
20 the Small Business Act (15 U.S.C. 638(p)(2)(B)(ix)) is
21 amended—

22 (1) by striking “\$100,000” and inserting
23 “\$150,000”; and

24 (2) by striking “\$750,000” and inserting
25 “\$1,250,000”.

1 (c) ANNUAL ADJUSTMENTS.—Section 9 of the Small
2 Business Act (15 U.S.C. 638) is amended—

3 (1) in subsection (j)(2)(D), by striking “and an
4 adjustment of such amounts once every 5 years to
5 reflect economic adjustments and programmatic con-
6 siderations” and inserting “and a mandatory annual
7 adjustment of such amounts to reflect economic ad-
8 justments and programmatic considerations”;

9 (2) in subsection (p)(2)(B)(ix), by striking
10 “greater or lesser amounts” and inserting “with a
11 mandatory annual adjustment of such amounts to
12 reflect economic adjustments and programmatic con-
13 siderations, and greater or lesser amounts”.

14 (d) LIMITATION ON CERTAIN AWARDS.—Section 9 of
15 the Small Business Act (15 U.S.C. 638) is amended by
16 adding at the end the following:

17 “(z) LIMITATION ON CERTAIN AWARDS.—No Federal
18 agency shall issue an award under the SBIR program or
19 the STTR program if the size of the award exceeds the
20 award guidelines established under this section by more
21 than 50 percent. Participating agencies shall maintain in-
22 formation on awards exceeding the guidelines, including
23 award amounts and identities of recipients, and shall re-
24 port such information annually to the Administration.

25 “(aa) SUBSEQUENT PHASES.—

1 “(1) IN GENERAL.—A small business concern
2 which received an award from a Federal agency
3 under this section shall be eligible to receive an
4 award for a subsequent phase from another Federal
5 agency, if the head of each relevant Federal agency
6 makes a written determination that the topics of the
7 relevant awards are the same.

8 “(2) SBIR AND STTR PROGRAMS.—A small
9 business concern which received an award under this
10 section under the SBIR program or the STTR pro-
11 gram may receive an award under this section for a
12 subsequent phase in either the SBIR program or the
13 STTR program.”.

14 **SEC. 1525. MAJORITY-VENTURE INVESTMENTS IN SBIR**
15 **FIRMS.**

16 (a) AUTHORITY AND DETERMINATION.—Upon a
17 written determination provided not later than 30 days in
18 advance to the Administrator and to the Committee on
19 Small Business and Entrepreneurship of the Senate and
20 the Committee on Small Business of the House of Rep-
21 resentatives, the head of each participating Federal agen-
22 cy may direct not more than 25 percent of the agency’s
23 SBIR funds allocated in accordance with the Small Busi-
24 ness Act, as amended by this Act, in fiscal year 2007 and
25 each fiscal year thereafter to small business concerns that

1 are owned in majority part by venture capital companies
2 and that satisfy the qualification requirements under sub-
3 section (b). The written determination shall demonstrate
4 that the use of such authority will induce additional ven-
5 ture capital funding of small business innovations, sub-
6 stantially contribute to the mission of the funding agency,
7 or otherwise fulfill the capital needs of small business con-
8 cerns for additional financing.

9 (b) QUALIFICATION REQUIREMENTS.—No United
10 States small business concern which satisfies applicable
11 requirements established by the Administrator concerning
12 small business affiliation shall be excluded from participa-
13 tion in the program authorized by subsection (a) on the
14 ground that such small business concern is owned in ma-
15 jority part by more than 1 United States venture capital
16 company, provided that no single venture capital company
17 owns more than 49 percent of such small business con-
18 cern.

19 (c) REGISTRATION.—Any small business concern that
20 is a venture capital portfolio company qualified for partici-
21 pation in the program authorized by subsection (a) shall
22 register with the Administrator as a Venture Capital
23 SBIR Investment Company. Any such company shall indi-
24 cate such status in any SBIR proposal.

1 (d) DEFINITION OF VENTURE CAPITAL COMPANY.—
 2 In this section, the term “venture capital company” means
 3 an entity described in clause (i), (v), or (vi) of section
 4 121.103(b) of title 13, Code of Federal Regulations (or
 5 any corresponding similar regulation or ruling).

6 **Subtitle C—Acquisition of Small**
 7 **Business Innovations**

8 **SEC. 1531. NATIONAL SBIR AND STTR TECHNOLOGY INSER-**
 9 **TION GOAL; REPORTING REQUIREMENTS.**

10 Section 9 of the Small Business Act (15 U.S.C. 638),
 11 as amended by this Act, is amended by adding at the end
 12 the following:

13 “(bb) NATIONAL SMALL BUSINESS TECHNOLOGY IN-
 14 SERTION GOAL; REPORTING REQUIREMENTS.—

15 “(1) IN GENERAL.—For fiscal year in 2007,
 16 and each fiscal year thereafter there is established a
 17 governmentwide goal for insertion of SBIR and
 18 STTR technologies through Phase III awards of not
 19 less than 3 percent of total value of Federal prime
 20 contracting dollars for research, development, test-
 21 ing, and evaluation, to be met through either prime
 22 contracts or subcontracts (in this subsection referred
 23 to as the ‘National Small Business Technology In-
 24 sertion goal’).

1 “(2) NATIONAL SMALL BUSINESS TECHNOLOGY
2 INSERTION GOAL.—The Administrator shall ensure
3 that the National Small Business Technology Inser-
4 tion goal is negotiated and reported to the public
5 and Congress in accordance with the authorities gov-
6 erning the negotiating and reporting of small busi-
7 ness procurement goals by the Administrator under
8 this Act.

9 “(3) REPORTS.—Each report submitted under
10 paragraph (2) shall include—

11 “(A) the name of the contracting agency;

12 “(B) the identity of the agency or company
13 making the Phase III award;

14 “(C) the identity of the company or indi-
15 vidual receiving the Phase III award, as well as
16 the identity of the agency or prime contractor
17 making the Phase III award; and

18 “(D) the dollar amount of the Phase III
19 award.”.

20 **SEC. 1532. INTELLECTUAL PROPERTY PROTECTIONS FOR**
21 **SMALL BUSINESS INNOVATIONS.**

22 (a) SBIR AND STTR DATA RIGHTS.—Section 9(e)
23 of the Small Business Act (15 U.S.C. 638(e)) is amend-
24 ed—

1 (1) in paragraph (7), by striking “and” at the
2 end;

3 (2) in paragraph (8), by striking the period and
4 inserting “; and”; and

5 (3) by adding at the end the following:

6 “(9) ‘data’, in connection with rights in or
7 rights to data—

8 “(A) includes rights in and rights to proto-
9 types, as consistent with paragraph (5)(C);

10 “(B) shall be considered to be a trade se-
11 cret for purposes of any provision of Federal
12 law protecting trade secrets from unauthorized
13 use, disclosure, or reverse engineering;

14 “(C) includes technical data that the SBIR
15 or STTR small business concern has developed
16 at private expense, if such data is used in the
17 development, testing, or evaluation of SBIR or
18 STTR technology; and

19 “(D) shall be subject to data rights protec-
20 tions under this section and the SBIR and
21 STTR Policy Directives in connection with any
22 contract or subcontract developed with Federal
23 funds or intended for use by the Federal gov-
24 ernment, and any mentor-protégé agreements.”.

1 **SEC. 1533. SBIR AND STTR SPECIAL ACQUISITION PREF-**
2 **ERENCE.**

3 (a) CODIFICATION OF REGULATORY PREFERENCE.—
4 Section 9 of the Small Business Act (15 U.S.C. 638), as
5 amended by this Act, is amended by adding at the end
6 the following:

7 “(cc) PHASE III AWARDS.—Congress intends that, to
8 the greatest extent practicable, Federal agencies and Fed-
9 eral prime contractors issue Phase III awards, including
10 sole source awards, to the SBIR and STTR award recipi-
11 ents that developed the technology.”.

12 (b) POLICIES.—Section 9 of the Small Business Act
13 (15 U.S.C. 638) is amended—

14 (1) in subsection (j)(2)(C)—

15 (A) by striking “, to the extent prac-
16 ticable,”; and

17 (B) by inserting before the semicolon at
18 the end “, unless the agency establishes on the
19 record that such an award is not practicable”;
20 and

21 (2) in subsection (p)(2)(F)—

22 (A) by striking “, to the extent prac-
23 ticable,”; and

24 (B) by inserting before the period at the
25 end “, unless the agency establishes on the
26 record that such an award is not practicable”.

1 (c) REDUCTION OF WASTE AND DUPLICATION IN
2 FEDERAL TECHNOLOGY CONTRACTING.—Section 9 of the
3 Small Business Act (15 U.S.C. 638), as amended by this
4 Act, is amended by adding at the end the following:

5 “(dd) DUPLICATION OF PRIOR AWARDS.—A Federal
6 agency may not solicit bids or proposals for award of con-
7 tracts on any topic duplicating a SBIR or STTR award
8 previously made by such agency, unless, not later than 30
9 days before the solicitation, the agency submits an ad-
10 vance notice of intent to issue such a solicitation to the
11 Administrator. Such solicitations may be challenged by the
12 Administrator to the head of the agency, or otherwise be
13 challenged in accordance with law. To avoid duplication,
14 before issuing a solicitation, the responsible Federal agen-
15 cy official shall review the Tech-Net database of the Ad-
16 ministration (or any successor database) and document
17 the results of such review in contracting files.”.

18 **SEC. 1534. SBIR AND STTR MENTOR-PROTÉGÉ PROGRAMS.**

19 (a) AUTHORIZATION.—The head of each Federal
20 agency may establish a mentor-protégé program to provide
21 development and commercialization assistance to small
22 business concerns participating in the SBIR program and
23 the STTR program.

1 (b) TYPES OF ASSISTANCE AUTHORIZED.—The fol-
2 lowing types of assistance are authorized for mentor-
3 protégé programs:

4 (1) Assistance with general business develop-
5 ment, business management, commercialization mar-
6 keting, or corporate infrastructure.

7 (2) Testing and evaluation assistance for inser-
8 tion of SBIR and STTR technologies into technical
9 or weapons systems.

10 (3) Commercialization through Federal sub-
11 contracts awarded in accordance with the terms of
12 the special acquisition preference.

13 (4) Payment of progress payments and advance
14 payment for the performance of subcontracts com-
15 mercializing SBIR and STTR technologies developed
16 by the protégé firm.

17 (5) Loans to a protégé firm towards develop-
18 ment and commercialization of SBIR or STTR tech-
19 nologies.

20 (c) PROGRAM TERMS.—The head of a Federal agency
21 is authorized to approve mentor-protégé agreements pro-
22 viding to the mentor firm incentives, including—

23 (1) credit towards meeting the mentor's small
24 business subcontracting goals; and

25 (2) contractual term extension incentives.

1 (d) APPROVAL.—

2 (1) IN GENERAL.—The Administrator shall ap-
3 prove a SBIR and STTR mentor-protégé program in
4 each Federal agency that establishes such a pro-
5 gram.

6 (2) CLARIFICATION OF APPLICABILITY.—It is
7 the intent of Congress that the prohibition on condi-
8 tioning, negotiating, transferring, or diminishing
9 SBIR and STTR data rights in the making or ad-
10 ministration of phase III awards (including prime
11 contracts and subcontracts) that are federally fund-
12 ed or intended for use by the Federal Government
13 that is contained in section 8 of the SBIR Policy Di-
14 rective and in section 3 of the STTR Policy Direc-
15 tive (as in effect on the date of enactment of this
16 Act, and any successor thereto) apply to mentor-
17 protégé agreements established for the purpose of
18 assisting SBIR and STTR small business concerns.

19 (3) DATA RIGHTS PROTECTIONS.—Notwith-
20 standing any other provision of law, no mentor-
21 protégé agreement with an SBIR or STTR small
22 business concern may be approved by any Federal
23 agency, unless it contains phase III data rights pro-
24 tection clauses prescribed by the SBIR and STTR
25 Policy Directives described in paragraph (2).

1 (4) APPROVAL OF AGREEMENTS.—The SBIR
2 program manager and the STTR program manager
3 at a Federal agency shall each ensure that Federal
4 reimbursement funding for mentor-protégé assist-
5 ance to SBIR and STTR small business concerns is
6 directed towards development, testing, evaluation,
7 and commercialization of SBIR and STTR tech-
8 nologies, respectively.

9 (5) REPORTING REQUIREMENT.—Any mentor-
10 protégé agreement established for the purpose of as-
11 sisting an SBIR or STTR small business concern
12 shall require reporting of the dollar value of phase
13 III awards made as a result of the mentor-protégé
14 assistance.

15 **SEC. 1535. SUBCONTRACTING WITH FEDERAL LABORA-**
16 **TORIES AND RESEARCH AND DEVELOPMENT**
17 **CENTERS.**

18 Section 9 of the Small Business Act (15 U.S.C. 638),
19 as amended by this Act, is amended by adding at the end
20 the following:

21 “(ee) SUBCONTRACTING.—

22 “(1) AUTHORIZATION.—The head of each par-
23 ticipating Federal agency is authorized to issue
24 SBIR and STTR awards to any eligible small busi-
25 ness concern which intends to subcontract portions

1 of the work to Federal laboratories and federally
2 funded research and development centers, subject to
3 the limitations under this section.

4 “(2) PROHIBITION.—No Federal agency shall—

5 “(A) condition SBIR or STTR awards
6 upon subcontracting any portion of the work to
7 any Federal agency or any federally funded lab-
8 oratory or research and development center;

9 “(B) approve a subcontracting arrange-
10 ment where the small business concern per-
11 forms a lesser portion of the work than required
12 by this section and by the SBIR and STTR
13 Policy Directives; or

14 “(C) approve a subcontracting arrange-
15 ment which violates any provisions, including
16 data rights protections provisions, of this sec-
17 tion or the SBIR and the STTR Policy Direc-
18 tives.

19 “(3) IMPLEMENTATION.—Not later than 180
20 days after the date of enactment of this subsection,
21 the Administrator shall modify the SBIR Policy Di-
22 rective and the STTR Policy Directive issued under
23 this section to ensure that small business concerns
24 have the flexibility to use the resources of the Fed-
25 eral laboratories and federally funded research and

1 development centers, but shall not be mandated to
2 subcontract with them as a condition of award.”.

3 **SEC. 1536. INNOVATION COMMERCIALIZATION PILOT PRO-**
4 **GRAMS.**

5 Section 9 of the Small Business Act (15 U.S.C. 638),
6 as amended by this Act, is amended by adding at the end
7 the following:

8 “(ff) INNOVATION COMMERCIALIZATION PILOT PRO-
9 GRAMS.—

10 “(1) IN GENERAL.—Effective on and after the
11 beginning of fiscal year 2007, the head of any civil-
12 ian Federal agency participating in the SBIR pro-
13 gram which has awarded over \$5,000,000,000 in
14 procurement contracts during the previous fiscal
15 year is authorized to create and administer a com-
16 mercialization pilot program (in this section referred
17 to as a ‘pilot program’) to accelerate the transition
18 of technologies, products, and services developed
19 under the SBIR program to Phase III, including the
20 acquisition process.

21 “(2) IDENTIFICATION OF RESEARCH PROGRAMS
22 FOR ACCELERATED TRANSITION TO ACQUISITION
23 PROCESS.—In carrying out a pilot program, the
24 head of the Federal agency concerned shall identify
25 research programs of the SBIR program that have

1 the potential for rapid transitioning to Phase III
2 and into the acquisition process.

3 “(3) LIMITATION.—No research program may
4 be identified under paragraph (2) unless the head of
5 the Federal agency concerned certifies in writing
6 that the successful transition of the program to
7 Phase III and into the acquisition process is ex-
8 pected to meet high priority mission requirements of
9 such agency.

10 “(4) FUNDING.—

11 “(A) IN GENERAL.—For payment of ex-
12 penses incurred to administer a pilot program,
13 the head of the Federal agency concerned is au-
14 thorized to use not more than an amount equal
15 to 1 percent of the funds available to such Fed-
16 eral agency under the SBIR program.

17 “(B) LIMITATIONS.—Any funds used
18 under subparagraph (A)—

19 “(i) shall not be subject to the limita-
20 tions on the use of funds in subsection
21 (f)(2); or

22 “(ii) may not be used to make Phase
23 III awards.

24 “(5) EVALUATIVE REPORT.—

1 “(A) IN GENERAL.—At the end of each fis-
2 cal year, the head of the Federal agency con-
3 cerned shall submit to the Committee on Small
4 Business and Entrepreneurship of the Senate
5 and the Committee on Small Business of the
6 House of Representatives a report regarding ac-
7 tivities under the Commercialization Pilot Pro-
8 gram.

9 “(B) CONTENTS.—Each report under sub-
10 paragraph (A) shall include—

11 “(i) an accounting of the funds used
12 in a pilot program;

13 “(ii) a detailed description of the pilot
14 program of such Federal agency, including
15 incentives and activities undertaken by ac-
16 quisition program managers, program ex-
17 ecutive officers, managers or operators of
18 laboratories or research and development
19 centers, and prime contractors; and

20 “(iii) a detailed compilation of results
21 achieved by the pilot program of such Fed-
22 eral agency, including the number of small
23 business concerns assisted, Phase III dol-
24 lars awarded, and the number of projects
25 commercialized.

1 “(6) AUTHORIZED INCENTIVES AND ACTIVI-
 2 TIES.—In carrying out a pilot program, the head of
 3 the Federal agency concerned is authorized to—

4 “(A) offer contractual term and payment
 5 incentives to prime contractors for successful
 6 commercialization of SBIR technologies; and

7 “(B) facilitate business development and
 8 management assistance to SBIR small business
 9 concerns, conduct outreach to prime contrac-
 10 tors, and provide such other assistance as the
 11 head of such Federal agency may determine
 12 necessary and proper.

13 “(7) INTERAGENCY COMMERCIALIZATION.—The
 14 head of each Federal agency authorized to carry out
 15 a pilot program under this section is authorized to
 16 use such program to facilitate commercialization of
 17 SBIR technologies developed through awards from
 18 other Federal agencies.

19 “(8) SUNSET.—The authority to establish a
 20 pilot program, and any pilot program established,
 21 under this subsection shall terminate at the end of
 22 fiscal year 2010.”.

23 **SEC. 1537. ENFORCEMENT.**

24 (a) NOTIFICATION.—The head of any Federal agency
 25 involved in a case or controversy before any Federal judi-

1 cial or administrative tribunal concerning the SBIR pro-
 2 gram or the STTR program shall provide timely notice
 3 of such case or controversy to the Administrator.

4 (b) REPORTING.—Section 9(b)(7) of the Small Busi-
 5 ness Act (15 U.S.C. 638(b)(7)) is amended by inserting
 6 before the semicolon at the end the following: “, and a
 7 detailed description of appeals of Phase III awards and
 8 notices of noncompliance with the SBIR and the STTR
 9 Policy Directives filed by the Administrator with Federal
 10 agencies”.

11 **Subtitle D—Technical and Finan-**
 12 **cial Assistance for Small Busi-**
 13 **ness Innovation**

14 **SEC. 1541. REAUTHORIZATION AND ENHANCEMENT OF**
 15 **STATE, LOCAL, AND RURAL INNOVATION AS-**
 16 **SISTANCE PROGRAMS.**

17 (a) FEDERAL AND STATE PROGRAM EXTENSION.—
 18 Section 9(s) of the Small Business Act (15 U.S.C. 638(s))
 19 is amended—

20 (1) in paragraph (1), by striking “1995” and
 21 inserting “2012”; and

22 (2) in paragraph (2), by striking “\$2,000,000”
 23 and inserting “\$5,000,000”.

24 (b) RURAL OUTREACH PROGRAM EXTENSION.—Sec-
 25 tion 501(b)(2) of the Small Business Reauthorization Act

1 of 1997 (15 U.S.C. 638 note; 111 Stat. 2622) is amended
2 by striking “2005” and inserting “2012”.

3 **SEC. 1542. CONTINUED EVALUATION BY THE NATIONAL**
4 **ACADEMY OF SCIENCES.**

5 Section 108 of the Small Business Reauthorization
6 Act of 2000 (114 Stat. 2763A–671) is amended by adding
7 at the end:

8 “(e) EXTENSIONS AND ENHANCEMENTS OF AUTHOR-
9 ITY.—

10 “(1) IN GENERAL.—The studies authorized
11 under this section are authorized through the end of
12 fiscal year 2009, subject to any further requirements
13 set forth in this section.

14 “(2) REPORT.—

15 “(A) IN GENERAL.—The head of an agen-
16 cy described in subsection (a) should ensure
17 that any agreement under that subsection in-
18 cludes that the National Academy of Sciences
19 should conduct a survey of State and inter-
20 national innovation development policies, and
21 other studies and research, subject to the avail-
22 ability of funds to carry out this section—

23 “(i) addressing desirability and feasi-
24 bility of establishing a public, federally
25 backed secondary capital market mecha-

nism to fund securities representing investments in highly promising small innovative companies; and

“(ii) addressing barriers to greater commercialization of small business innovations.

“(B) SUBMISSION.—The agreement described in subparagraph (A) should require that, not later than December 30, 2009, the National Academy of Sciences should submit to Congress a report describing the survey conducted under subparagraph (A).”.

SEC. 1543. PHASE II INNOVATION DEVELOPMENT CHALLENGE PILOT PROGRAM.

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is amended by adding at the end the following:

“(gg) PILOT PROGRAM.—

“(1) AUTHORIZATION.—The head of each participating Federal agency may set aside not more than 10 percent of the SBIR and STTR funds of such agency for further technology development and commercialization of SBIR and STTR Phase II technologies (in this section referred to as a ‘pilot program’). Such authority shall be in addition to any

1 other similar program that may be operating or au-
2 thorized to be operated by a participating Federal
3 agency.

4 “(2) REQUIREMENTS.—

5 “(A) IN GENERAL.—A Federal agency may
6 not establish a pilot program unless such agen-
7 cy makes a written application to the Adminis-
8 trator, not less than 90 days prior to the begin-
9 ning of the fiscal year in which such pilot pro-
10 gram is to be established, based on a compelling
11 reason that additional investment in SBIR or
12 STTR technologies is required due to unusually
13 high regulatory, systems integration, or other
14 costs related to development or manufacturing
15 of identifiable, highly promising small business
16 technologies or a class of such technologies ex-
17 pected to substantially advance the agency’s
18 mission.

19 “(B) DETERMINATION.—The Adminis-
20 trator shall—

21 “(i) make a determination regarding
22 an application submitted under subpara-
23 graph (A) not later than 30 days before
24 the beginning of the fiscal year for which
25 such application is submitted;

1 “(ii) publish such decision in the Fed-
2 eral Register; and

3 “(iii) make a copy of such decision,
4 and any related materials available to the
5 Committee on Small Business and Entre-
6 preneurship of the Senate and the Com-
7 mittee on Small Business of the House of
8 Representatives.

9 “(C) MAXIMUM AMOUNT.—No award
10 under a pilot program may be made in excess
11 of 2 times the dollar amounts generally estab-
12 lished for Phase II awards under this section.

13 “(D) MATCHING.—No award may be made
14 under a pilot program unless new private, Fed-
15 eral non-SBIR, or Federal non-STTR funding
16 which at least matches the award from the Fed-
17 eral agency is dedicated towards SBIR or
18 STTR Phase II technology.

19 “(E) ELIGIBILITY.—Awards under this
20 pilot program may be made to any applicant
21 which is eligible to receive a Phase III award
22 related to such SBIR or STTR Phase II tech-
23 nology.

24 “(F) REGISTRATION.—Applicants receiving
25 awards under a pilot program shall register

1 with the Administrator in a publicly available
2 registry.

3 “(G) TERMINATION.—The authority to es-
4 tablish a pilot program under this section ex-
5 pires at the end of fiscal year 2012.”.

6 **SEC. 1544. ENCOURAGING INNOVATION IN ENERGY EFFI-**
7 **CIENCY.**

8 (a) FEDERAL AGENCY ENERGY-RELATED PRI-
9 ORITY.—In carrying out its duties under section 9 of the
10 Small Business Act relating to SBIR and STTR solicita-
11 tions by Federal agencies, the Administrator shall—

12 (1) ensure that such agencies give high priority
13 to small business concerns that participate in or con-
14 duct energy efficiency or renewable energy system
15 research and development projects; and

16 (2) include in the annual report to Congress
17 under section 9(b)(7) of the Small Business Act (15
18 U.S.C. 638(b)(7)), a determination of whether the
19 priority described in paragraph (1) is being carried
20 out.

21 (b) CONSULTATION REQUIRED.—The Administrator
22 shall consult with the heads of other Federal agencies and
23 departments in determining whether priority has been
24 given to small business concerns that participate in or con-
25 duct energy efficiency or renewable energy system re-

1 search and development projects, as required by this sec-
2 tion.

3 (c) GUIDELINES.—The Administrator shall, as soon
4 as is practicable after the date of enactment of this Act,
5 issue guidelines and directives to assist Federal agencies
6 in meeting the requirements of this section.

7 (d) DEFINITIONS.—In this section—

8 (1) the term “biomass”—

9 (A) means any organic material that is
10 available on a renewable or recurring basis, in-
11 cluding—

12 (i) agricultural crops;

13 (ii) trees grown for energy production;

14 (iii) wood waste and wood residues;

15 (iv) plants (including aquatic plants
16 and grasses);

17 (v) residues;

18 (vi) fibers;

19 (vii) animal wastes and other waste
20 materials; and

21 (viii) fats, oils, and greases (including
22 recycled fats, oils, and greases); and

23 (B) does not include—

24 (i) paper that is commonly recycled;

25 or

1 (ii) unsegregated solid waste;

2 (2) the term “energy efficiency project” means
3 the installation or upgrading of equipment that re-
4 sults in a significant reduction in energy usage; and

5 (3) the term “renewable energy system” means
6 a system of energy derived from—

7 (A) a wind, solar, biomass, or geothermal
8 source; or

9 (B) hydrogen derived from biomass or
10 water using an energy source described in sub-
11 paragraph (A).

12 **SEC. 1545. SBIR–STEM WORKFORCE DEVELOPMENT GRANT**
13 **PILOT PROGRAM.**

14 (a) PILOT PROGRAM ESTABLISHED.—From amounts
15 made available to carry out this section, the Administrator
16 shall establish a SBIR–STEM Workforce Development
17 Grant Pilot Program to encourage the business commu-
18 nity to provide workforce development opportunities for
19 college students, in the fields of science, technology, engi-
20 neering, and math (or “STEM college students”), by pro-
21 viding an SBIR bonus grant.

22 (b) ELIGIBLE ENTITIES DEFINED.—In this section
23 the term “eligible entity” means a current grantee under
24 the SBIR Program, as defined in section 9(e) of the Small

1 Business Act (15 U.S.C. 638(e)), that provides an intern-
 2 ship program for STEM college students.

3 (c) AWARDS.—An eligible entity shall receive a bonus
 4 grant equal to 10 percent of either a Phase I or Phase
 5 II grant, as applicable, with a total award maximum of
 6 not more than \$10,000 per year.

7 (d) EVALUATION.—Following the fifth year of fund-
 8 ing under this section, the Administrator shall submit a
 9 report to Congress on the results of the SBIR–STEM
 10 Workforce Development Grant Pilot Program.

11 (e) AUTHORIZATION OF APPROPRIATIONS.—There
 12 are authorized to be appropriated to carry out this sec-
 13 tion—

14 (1) \$1,000,000 for fiscal year 2007;

15 (2) \$1,000,000 for fiscal year 2008;

16 (3) \$1,000,000 for fiscal year 2009;

17 (4) \$1,000,000 for fiscal year 2010; and

18 (5) \$1,000,000 for fiscal year 2011.

19 **Subtitle E—Implementation**

20 **SEC. 1551. CONFORMING AMENDMENTS TO THE SBIR AND** 21 **THE STTR POLICY DIRECTIVES.**

22 Not later than 180 days after the date of enactment
 23 of this Act, the Administrator shall promulgate amend-
 24 ments to the SBIR and the STTR Policy Directives to

1 conform such directives to this title and the amendments
 2 made by this title.

3 **TITLE XVI—NATIVE AMERICAN**
 4 **SMALL BUSINESS DEVELOP-**
 5 **MENT PROGRAM**

6 **SEC. 1601. SHORT TITLE.**

7 This title may be cited as the “Native American
 8 Small Business Development Act of 2006”.

9 **SEC. 1602. NATIVE AMERICAN SMALL BUSINESS DEVELOP-**
 10 **MENT PROGRAM.**

11 The Small Business Act (15 U.S.C. 631 et seq.) is
 12 amended by inserting after section 38, as added by this
 13 Act, the following:

14 **“SEC. 39. NATIVE AMERICAN SMALL BUSINESS DEVELOP-**
 15 **MENT PROGRAM.**

16 “(a) DEFINITIONS.—In this section—

17 “(1) the term ‘Alaska Native’ has the same
 18 meaning as the term ‘Native’ in section 3(b) of the
 19 Alaska Native Claims Settlement Act (43 U.S.C.
 20 1602(b));

21 “(2) the term ‘Alaska Native corporation’ has
 22 the same meaning as the term ‘Native Corporation’
 23 in section 3(m) of the Alaska Native Claims Settle-
 24 ment Act (43 U.S.C. 1602(m));

1 “(3) the term ‘Assistant Administrator’ means
2 the Assistant Administrator of the Office of Native
3 American Affairs established under subsection (b);

4 “(4) the terms ‘center’ and ‘Native American
5 business center’ mean a center established under
6 subsection (c);

7 “(5) the term ‘Native American business devel-
8 opment center’ means an entity providing business
9 development assistance to federally recognized tribes
10 and Native Americans under a grant from the Mi-
11 nority Business Development Agency of the Depart-
12 ment of Commerce;

13 “(6) the term ‘Native American small business
14 concern’ means a small business concern that is
15 owned and controlled by—

16 “(A) a member of an Indian tribe or tribal
17 government;

18 “(B) an Alaska Native or Alaska Native
19 corporation; or

20 “(C) a Native Hawaiian or Native Hawai-
21 ian Organization;

22 “(7) the term ‘Native Hawaiian’ has the same
23 meaning as in section 625 of the Older Americans
24 Act of 1965 (42 U.S.C. 3057k);

1 “(8) the term ‘Native Hawaiian Organization’
2 has the same meaning as in section 8(a)(15);

3 “(9) the term ‘tribal college’ has the same
4 meaning as the term ‘tribally controlled college or
5 university’ has in section 2(a)(4) of the Tribally
6 Controlled Community College Assistance Act of
7 1978 (25 U.S.C. 1801(a)(4));

8 “(10) the term ‘tribal government’ has the
9 same meaning as the term ‘Indian tribe’ has in sec-
10 tion 7501(a)(9) of title 31, United States Code; and

11 “(11) the term ‘tribal lands’ means all lands
12 within the exterior boundaries of any Indian reserva-
13 tion.

14 “(b) OFFICE OF NATIVE AMERICAN AFFAIRS.—

15 “(1) ESTABLISHMENT.—There is established
16 within the Administration the Office of Native
17 American Affairs, which, under the direction of the
18 Assistant Administrator, shall implement the Admin-
19 istration’s programs for the development of business
20 enterprises by Native Americans.

21 “(2) PURPOSE.—The purpose of the Office of
22 Native American Affairs is to assist Native Amer-
23 ican entrepreneurs to—

24 “(A) start, operate, and grow small busi-
25 ness concerns;

1 “(B) develop management and technical
2 skills;

3 “(C) seek Federal procurement opportuni-
4 ties;

5 “(D) increase employment opportunities
6 for Native Americans through the start and ex-
7 pansion of small business concerns; and

8 “(E) increase the access of Native Ameri-
9 cans to capital markets.

10 “(3) ASSISTANT ADMINISTRATOR.—

11 “(A) APPOINTMENT.—The Administrator
12 shall appoint a qualified individual to serve as
13 Assistant Administrator of the Office of Native
14 American Affairs in accordance with this para-
15 graph.

16 “(B) QUALIFICATIONS.—The Assistant
17 Administrator appointed under subparagraph
18 (A) shall have—

19 “(i) knowledge of the Native Amer-
20 ican culture; and

21 “(ii) experience providing culturally
22 tailored small business development assist-
23 ance to Native Americans.

24 “(C) EMPLOYMENT STATUS.—The Assist-
25 ant Administrator shall be a Senior Executive

1 Service position under section 3132(a)(2) of
2 title 5, United States Code, and shall serve as
3 a noncareer appointee, as defined in section
4 3132(a)(7) of title 5, United States Code.

5 “(D) RESPONSIBILITIES AND DUTIES.—

6 The Assistant Administrator shall—

7 “(i) administer and manage the Na-
8 tive American Small Business Development
9 program established under this section;

10 “(ii) recommend the annual adminis-
11 trative and program budgets for the Office
12 of Native American Affairs;

13 “(iii) consult with Native American
14 business centers in carrying out the pro-
15 gram established under this section;

16 “(iv) recommend appropriate funding
17 levels;

18 “(v) review the annual budgets sub-
19 mitted by each applicant for the Native
20 American Small Business Development
21 program;

22 “(vi) select applicants to participate in
23 the program under this section;

24 “(vii) implement this section; and

1 “(viii) maintain a clearinghouse to
2 provide for the dissemination and exchange
3 of information between Native American
4 business centers.

5 “(E) CONSULTATION REQUIREMENTS.—In
6 carrying out the responsibilities and duties de-
7 scribed in this paragraph, the Assistant Admin-
8 istrator shall confer with and seek the advice
9 of—

10 “(i) Administration officials working
11 in areas served by Native American busi-
12 ness centers and Native American business
13 development centers;

14 “(ii) representatives of tribal govern-
15 ments;

16 “(iii) tribal colleges;

17 “(iv) Alaska Native corporations; and

18 “(v) Native Hawaiian Organizations.

19 “(c) NATIVE AMERICAN SMALL BUSINESS DEVELOP-
20 MENT PROGRAM.—

21 “(1) AUTHORIZATION.—

22 “(A) IN GENERAL.—The Administration,
23 through the Office of Native American Affairs,
24 shall provide financial assistance to tribal gov-
25 ernments, tribal colleges, Native Hawaiian Or-

ganizations, and Alaska Native corporations to create Native American business centers in accordance with this section.

“(B) USE OF FUNDS.—The financial and resource assistance provided under this subsection shall be used to overcome obstacles impeding the creation, development, and expansion of small business concerns, in accordance with this section, by—

“(i) reservation-based American Indians;

“(ii) Alaska Natives; and

“(iii) Native Hawaiians.

“(2) 5-YEAR PROJECTS.—

“(A) IN GENERAL.—Each Native American business center that receives assistance under paragraph (1)(A) shall conduct a 5-year project that offers culturally tailored business development assistance in the form of—

“(i) financial education, including training and counseling in—

“(I) applying for and securing business credit and investment capital;

1 “(II) preparing and presenting fi-
2 nancial statements; and

3 “(III) managing cash flow and
4 other financial operations of a busi-
5 ness concern;

6 “(ii) management education, including
7 training and counseling in planning, orga-
8 nizing, staffing, directing, and controlling
9 each major activity and function of a small
10 business concern; and

11 “(iii) marketing education, including
12 training and counseling in—

13 “(I) identifying and segmenting
14 domestic and international market op-
15 portunities;

16 “(II) preparing and executing
17 marketing plans;

18 “(III) developing pricing strate-
19 gies;

20 “(IV) locating contract opportu-
21 nities;

22 “(V) negotiating contracts; and

23 “(VI) utilizing varying public re-
24 lations and advertising techniques.

1 “(B) BUSINESS DEVELOPMENT ASSIST-
2 ANCE RECIPIENTS.—The business development
3 assistance under subparagraph (A) shall be of-
4 fered to prospective and current owners of small
5 business concerns that are owned by—

6 “(i) American Indians or tribal gov-
7 ernments, and located on or near tribal
8 lands;

9 “(ii) Alaska Natives or Alaska Native
10 corporations; or

11 “(iii) Native Hawaiians or Native Ha-
12 waiian Organizations.

13 “(3) FORM OF FEDERAL FINANCIAL ASSIST-
14 ANCE.—

15 “(A) DOCUMENTATION.—

16 “(i) IN GENERAL.—The financial as-
17 sistance to Native American business cen-
18 ters authorized under this subsection may
19 be made by grant, contract, or cooperative
20 agreement.

21 “(ii) EXCEPTION.—Financial assist-
22 ance under this subsection to Alaska Na-
23 tive corporations or Native Hawaiian Or-
24 ganizations may only be made by grant.

25 “(B) PAYMENTS.—

1 “(i) TIMING.—Payments made under
2 this subsection may be disbursed in an an-
3 nual lump sum or in periodic installments,
4 at the request of the recipient.

5 “(ii) ADVANCE.—The Administration
6 may disburse not more than 25 percent of
7 the annual amount of Federal financial as-
8 sistance awarded to a Native American
9 small business center after notice of the
10 award has been issued.

11 “(iii) NO MATCHING REQUIREMENT.—
12 The Administration shall not require a
13 grant recipient to match grant funding re-
14 ceived under this subsection with non-Fed-
15 eral resources as a condition of receiving
16 the grant.

17 “(4) CONTRACT AND COOPERATIVE AGREE-
18 MENT AUTHORITY.—A Native American business
19 center may enter into a contract or cooperative
20 agreement with a Federal department or agency to
21 provide specific assistance to Native American and
22 other underserved small business concerns located on
23 or near tribal lands, to the extent that such contract
24 or cooperative agreement is consistent with the

1 terms of any assistance received by the Native
2 American business center from the Administration.

3 “(5) APPLICATION PROCESS.—

4 “(A) SUBMISSION OF A 5-YEAR PLAN.—

5 Each applicant for assistance under paragraph
6 (1) shall submit a 5-year plan to the Adminis-
7 tration on proposed assistance and training ac-
8 tivities.

9 “(B) CRITERIA.—

10 “(i) IN GENERAL.—The Administra-
11 tion shall evaluate and rank applicants in
12 accordance with predetermined selection
13 criteria that shall be stated in terms of rel-
14 ative importance.

15 “(ii) PUBLIC NOTICE.—The criteria
16 required by this paragraph and their rel-
17 ative importance shall be made publicly
18 available, within a reasonable time, and
19 stated in each solicitation for applications
20 made by the Administration.

21 “(iii) CONSIDERATIONS.—The criteria
22 required by this paragraph shall include—

23 “(I) the experience of the appli-
24 cant in conducting programs or ongo-
25 ing efforts designed to impart or up-

1 grade the business skills of current or
2 potential owners of Native American
3 small business concerns;

4 “(II) the ability of the applicant
5 to commence a project within a min-
6 imum amount of time;

7 “(III) the ability of the applicant
8 to provide quality training and serv-
9 ices to a significant number of Native
10 Americans;

11 “(IV) previous assistance from
12 the Administration to provide services
13 in Native American communities; and

14 “(V) the proposed location for
15 the Native American business center
16 site, with priority given based on the
17 proximity of the center to the popu-
18 lation being served and to achieve a
19 broad geographic dispersion of the
20 centers.

21 “(6) PROGRAM EXAMINATION.—

22 “(A) IN GENERAL.—Each Native Amer-
23 ican business center established pursuant to
24 this subsection shall annually provide the Ad-
25 ministration with an itemized cost breakdown of

1 actual expenditures incurred during the pre-
2 ceding year.

3 “(B) ADMINISTRATION ACTION.—Based on
4 information received under subparagraph (A),
5 the Administration shall—

6 “(i) develop and implement an annual
7 programmatic and financial examination of
8 each Native American business center as-
9 sisted pursuant to this subsection; and

10 “(ii) analyze the results of each exam-
11 ination conducted under clause (i) to deter-
12 mine the programmatic and financial via-
13 bility of each Native American business
14 center.

15 “(C) CONDITIONS FOR CONTINUED FUND-
16 ING.—In determining whether to renew a grant,
17 contract, or cooperative agreement with a Na-
18 tive American business center, the Administra-
19 tion—

20 “(i) shall consider the results of the
21 most recent examination of the center
22 under subparagraph (B), and, to a lesser
23 extent, previous examinations; and

24 “(ii) may withhold such renewal, if
25 the Administration determines that—

1 “(I) the center has failed to pro-
2 vide adequate information required to
3 be provided under subparagraph (A),
4 or the information provided by the
5 center is inadequate; or

6 “(II) the center has failed to pro-
7 vide adequate information required to
8 be provided by the center for purposes
9 of the report of the Administration
10 under subparagraph (E).

11 “(D) CONTINUING CONTRACT AND COOP-
12 ERATIVE AGREEMENT AUTHORITY.—

13 “(i) IN GENERAL.—The authority of
14 the Administrator to enter into contracts
15 or cooperative agreements in accordance
16 with this subsection shall be in effect for
17 each fiscal year only to the extent and in
18 the amounts as are provided in advance in
19 appropriations Acts.

20 “(ii) RENEWAL.—After the Adminis-
21 trator has entered into a contract or coop-
22 erative agreement with any Native Amer-
23 ican business center under this subsection,
24 it shall not suspend, terminate, or fail to
25 renew or extend any such contract or coop-

1 erative agreement unless the Administrator
2 provides the center with written notifica-
3 tion setting forth the reasons therefore and
4 affords the center an opportunity for a
5 hearing, appeal, or other administrative
6 proceeding under chapter 5 of title 5,
7 United States Code.

8 “(E) MANAGEMENT REPORT.—

9 “(i) IN GENERAL.—The Administra-
10 tion shall prepare and submit to the Com-
11 mittee on Small Business and Entrepre-
12 neurship of the Senate and the Committee
13 on Small Business of the House of Rep-
14 resentatives an annual report on the effec-
15 tiveness of all projects conducted by Native
16 American business centers under this sub-
17 section and any pilot programs adminis-
18 tered by the Office of Native American Af-
19 fairs.

20 “(ii) CONTENTS.—Each report sub-
21 mitted under clause (i) shall include, with
22 respect to each Native American business
23 center receiving financial assistance under
24 this subsection—

1 “(I) the number of individuals re-
2 ceiving assistance from the Native
3 American business center;

4 “(II) the number of startup busi-
5 ness concerns created;

6 “(III) the number of existing
7 businesses seeking to expand employ-
8 ment;

9 “(IV) jobs created or maintained,
10 on an annual basis, by Native Amer-
11 ican small business concerns assisted
12 by the center since receiving funding
13 under this Act;

14 “(V) to the maximum extent
15 practicable, the capital investment and
16 loan financing utilized by emerging
17 and expanding businesses that were
18 assisted by a Native American busi-
19 ness center; and

20 “(VI) the most recent examina-
21 tion, as required under subparagraph
22 (B), and the subsequent determina-
23 tion made by the Administration
24 under that subparagraph.

1 “(7) ANNUAL REPORT.—Each entity receiving
2 financial assistance under this subsection shall annu-
3 ally report to the Administration on the services pro-
4 vided with such financial assistance, including—

5 “(A) the number of individuals assisted,
6 categorized by ethnicity;

7 “(B) the number of hours spent providing
8 counseling and training for those individuals;

9 “(C) the number of startup small business
10 concerns created or maintained;

11 “(D) the gross receipts of assisted small
12 business concerns;

13 “(E) the number of jobs created or main-
14 tained at assisted small business concerns; and

15 “(F) the number of Native American jobs
16 created or maintained at assisted small business
17 concerns.

18 “(8) RECORD RETENTION.—

19 “(A) APPLICATIONS.—The Administration
20 shall maintain a copy of each application sub-
21 mitted under this subsection for not less than
22 7 years.

23 “(B) ANNUAL REPORTS.—The Administra-
24 tion shall maintain copies of the information
25 collected under paragraph (6)(A) indefinitely.

1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated \$5,000,000 for each of
3 the fiscal years 2006 through 2010, to carry out the Na-
4 tive American Small Business Development Program, au-
5 thorized under subsection (c).”.

6 **SEC. 1603. PILOT PROGRAMS.**

7 (a) DEFINITIONS.—In this section:

8 (1) INCORPORATION BY REFERENCE.—The
9 terms defined in section 39(a) of the Small Business
10 Act (as added by this title) have the same meanings
11 as in that section 39(a) when used in this section.

12 (2) JOINT PROJECT.—The term “joint project”
13 means the combined resources and expertise of 2 or
14 more distinct entities at a physical location dedi-
15 cated to assisting the Native American community.

16 (b) NATIVE AMERICAN DEVELOPMENT GRANT PILOT
17 PROGRAM.—

18 (1) AUTHORIZATION.—

19 (A) IN GENERAL.—There is established a
20 4-year pilot program under which the Adminis-
21 tration is authorized to award Native American
22 development grants to provide culturally tai-
23 lored business development training and related
24 services to Native Americans and Native Amer-
25 ican small business concerns.

1 (B) ELIGIBLE ORGANIZATIONS.—The
2 grants authorized under subparagraph (A) may
3 be awarded to—

4 (i) any small business development
5 center; or

6 (ii) any private, nonprofit organization
7 that—

8 (I) has members of an Indian
9 tribe comprising a majority of its
10 board of directors;

11 (II) is a Native Hawaiian Orga-
12 nization; or

13 (III) is an Alaska Native cor-
14 poration.

15 (C) AMOUNTS.—The Administration shall
16 not award a grant under this subsection in an
17 amount which exceeds \$100,000 for each year
18 of the project.

19 (D) GRANT DURATION.—Each grant under
20 this subsection shall be awarded for not less
21 than a 2-year period and not more than a 4-
22 year period.

23 (2) CONDITIONS FOR PARTICIPATION.—Each
24 entity desiring a grant under this subsection shall

1 submit an application to the Administration that
2 contains—

3 (A) a certification that the applicant—

4 (i) is a small business development
5 center or a private, nonprofit organization
6 under paragraph (1)(B);

7 (ii) employs an executive director or
8 program manager to manage the facility;
9 and

10 (iii) agrees—

11 (I) to a site visit as part of the
12 final selection process;

13 (II) to an annual programmatic
14 and financial examination; and

15 (III) to the maximum extent
16 practicable, to remedy any problems
17 identified pursuant to that site visit or
18 examination;

19 (B) information demonstrating that the
20 applicant has the ability and resources to meet
21 the needs, including cultural needs, of the Na-
22 tive Americans to be served by the grant;

23 (C) information relating to proposed assist-
24 ance that the grant will provide, including—

1 (i) the number of individuals to be as-
2 sisted; and

3 (ii) the number of hours of counseling,
4 training, and workshops to be provided;

5 (D) information demonstrating the effec-
6 tive experience of the applicant in—

7 (i) conducting financial, management,
8 and marketing assistance programs de-
9 signed to impart or upgrade the business
10 skills of current or prospective Native
11 American business owners;

12 (ii) providing training and services to
13 a representative number of Native Ameri-
14 cans;

15 (iii) using resource partners of the
16 Administration and other entities, includ-
17 ing universities, tribal governments, or
18 tribal colleges; and

19 (iv) the prudent management of fi-
20 nances and staffing;

21 (E) the location where the applicant will
22 provide training and services to Native Ameri-
23 cans; and

24 (F) a multiyear plan, corresponding to the
25 length of the grant, that describes—

1 (i) the number of Native Americans
2 and Native American small business con-
3 cerns to be served by the grant;

4 (ii) in the continental United States,
5 the number of Native Americans to be
6 served by the grant; and

7 (iii) the training and services to be
8 provided to a representative number of Na-
9 tive Americans.

10 (3) REVIEW OF APPLICATIONS.—The Adminis-
11 tration shall—

12 (A) evaluate and rank applicants under
13 paragraph (2) in accordance with predeter-
14 mined selection criteria that is stated in terms
15 of relative importance;

16 (B) include such criteria in each solicita-
17 tion under this subsection and make such infor-
18 mation available to the public; and

19 (C) approve or disapprove each completed
20 application submitted under this subsection not
21 later than 60 days after the date of submission.

22 (4) ANNUAL REPORT.—Each recipient of a Na-
23 tive American development grant under this sub-
24 section shall annually report to the Administration
25 on the impact of the grant funding, including—

1 (A) the number of individuals assisted, cat-
2 egorized by ethnicity;

3 (B) the number of hours spent providing
4 counseling and training for those individuals;

5 (C) the number of startup small business
6 concerns created or maintained with assistance
7 from a Native American business center;

8 (D) the gross receipts of assisted small
9 business concerns;

10 (E) the number of jobs created or main-
11 tained at assisted small business concerns; and

12 (F) the number of Native American jobs
13 created or maintained at assisted small business
14 concerns.

15 (5) RECORD RETENTION.—

16 (A) APPLICATIONS.—The Administration
17 shall maintain a copy of each application sub-
18 mitted under this subsection for not less than
19 7 years.

20 (B) ANNUAL REPORTS.—The Administra-
21 tion shall maintain copies of the information
22 collected under paragraph (4) indefinitely.

23 (c) AMERICAN INDIAN TRIBAL ASSISTANCE CENTER
24 GRANT PILOT PROGRAM.—

25 (1) AUTHORIZATION.—

1 (A) IN GENERAL.—There is established a
2 4-year pilot program, under which the Adminis-
3 tration shall award not less than 3 American
4 Indian Tribal Assistance Center grants to es-
5 tablish joint projects to provide culturally tai-
6 lored business development assistance to pro-
7 spective and current owners of small business
8 concerns located on or near tribal lands.

9 (B) ELIGIBLE ORGANIZATIONS.—

10 (i) CLASS 1.—Not fewer than 1 grant
11 shall be awarded to a joint project per-
12 formed by a Native American business cen-
13 ter, a Native American business develop-
14 ment center, and a small business develop-
15 ment center.

16 (ii) CLASS 2.—Not fewer than 2
17 grants shall be awarded to joint projects
18 performed by a Native American business
19 center and a Native American business de-
20 velopment center.

21 (C) AMOUNTS.—The Administration shall
22 not award a grant under this subsection in an
23 amount which exceeds \$200,000 for each year
24 of the project.

1 (D) GRANT DURATION.—Each grant under
2 this subsection shall be awarded for a 3-year
3 period.

4 (2) CONDITIONS FOR PARTICIPATION.—Each
5 entity desiring a grant under this subsection shall
6 submit to the Administration a joint application that
7 contains—

8 (A) a certification that each participant of
9 the joint application—

10 (i) is either a Native American busi-
11 ness center, a Native American business
12 development center, or a small business de-
13 velopment center;

14 (ii) employs an executive director or
15 program manager to manage the center;
16 and

17 (iii) as a condition of receiving an
18 American Indian Tribal Assistance Center
19 grant, agrees—

20 (I) to an annual programmatic
21 and financial examination; and

22 (II) to the maximum extent prac-
23 ticable, to remedy any problems iden-
24 tified pursuant to that examination;

1 (B) information demonstrating an historic
2 commitment to providing assistance to Native
3 Americans—

4 (i) residing on or near tribal lands; or
5 (ii) operating a small business concern
6 on or near tribal lands;

7 (C) information demonstrating that each
8 participant of the joint application has the abil-
9 ity and resources to meet the needs, including
10 the cultural needs, of the Native Americans to
11 be served by the grant;

12 (D) information relating to proposed as-
13 sistance that the grant will provide, including—

14 (i) the number of individuals to be as-
15 sisted; and

16 (ii) the number of hours of counseling,
17 training, and workshops to be provided;

18 (E) information demonstrating the effec-
19 tive experience of each participant of the joint
20 application in—

21 (i) conducting financial, management,
22 and marketing assistance programs, de-
23 signed to impart or upgrade the business
24 skills of current or prospective Native
25 American business owners; and

1 (ii) the prudent management of fi-
2 nances and staffing; and

3 (F) a plan for the length of the grant, that
4 describes—

5 (i) the number of Native Americans
6 and Native American small business con-
7 cerns to be served by the grant; and

8 (ii) the training and services to be
9 provided.

10 (3) REVIEW OF APPLICATIONS.—The Adminis-
11 tration shall—

12 (A) evaluate and rank applicants under
13 paragraph (2) in accordance with predeter-
14 mined selection criteria that is stated in terms
15 of relative importance;

16 (B) include such criteria in each solicita-
17 tion under this subsection and make such infor-
18 mation available to the public; and

19 (C) approve or disapprove each application
20 submitted under this subsection not later than
21 60 days after the date of submission.

22 (4) ANNUAL REPORT.—Each recipient of an
23 American Indian tribal assistance center grant
24 under this subsection shall annually report to the
25 Administration on the impact of the grant funding

1 received during the reporting year, and the cumu-
2 lative impact of the grant funding received since the
3 initiation of the grant, including—

4 (A) the number of individuals assisted, cat-
5 egorized by ethnicity;

6 (B) the number of hours of counseling and
7 training provided and workshops conducted;

8 (C) the number of startup business con-
9 cerns created or maintained with assistance
10 from a Native American business center;

11 (D) the gross receipts of assisted small
12 business concerns;

13 (E) the number of jobs created or main-
14 tained at assisted small business concerns; and

15 (F) the number of Native American jobs
16 created or maintained at assisted small business
17 concerns.

18 (5) RECORD RETENTION.—

19 (A) APPLICATIONS.—The Administration
20 shall maintain a copy of each application sub-
21 mitted under this subsection for not less than
22 7 years.

23 (B) ANNUAL REPORTS.—The Administra-
24 tion shall maintain copies of the information
25 collected under paragraph (4) indefinitely.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There
 2 are authorized to be appropriated—

3 (1) \$1,000,000 for each of the fiscal years 2006
 4 through 2009, to carry out the Native American De-
 5 velopment Grant Pilot Program, authorized under
 6 subsection (b); and

7 (2) \$1,000,000 for each of the fiscal years 2006
 8 through 2009, to carry out the American Indian
 9 Tribal Assistance Center Grant Pilot Program, au-
 10 thorized under subsection (c).

11 **TITLE XVII—NATIONAL SMALL**
 12 **BUSINESS REGULATORY AS-**
 13 **SISTANCE**

14 **SEC. 1701. SHORT TITLE.**

15 This title may be cited as the “National Small Busi-
 16 ness Regulatory Assistance Act of 2006”.

17 **SEC. 1702. PURPOSE.**

18 The purpose of this title is to establish a 4-year pilot
 19 program to—

20 (1) provide confidential assistance to small
 21 business concerns;

22 (2) provide small business concerns with the in-
 23 formation necessary to improve their rate of compli-
 24 ance with Federal and State regulations derived
 25 from Federal law;

1 (3) create a partnership among Federal agen-
 2 cies to increase outreach efforts to small business
 3 concerns with respect to regulatory compliance;

4 (4) provide a mechanism for unbiased feedback
 5 to Federal agencies on the regulatory environment
 6 for small business concerns; and

7 (5) expand the services delivered by the small
 8 business development centers under section
 9 21(c)(3)(H) of the Small Business Act to improve
 10 access to programs to assist small business concerns
 11 with regulatory compliance.

12 **SEC. 1703. SMALL BUSINESS REGULATORY ASSISTANCE**
 13 **PILOT PROGRAM.**

14 (a) DEFINITIONS.—In this section:

15 (1) ASSOCIATION.—The term “association”
 16 means the association established pursuant to sec-
 17 tion 21(a)(3)(A) of the Small Business Act (15
 18 U.S.C. 648(a)(3)(A)) representing a majority of
 19 small business development centers.

20 (2) PARTICIPATING SMALL BUSINESS DEVELOP-
 21 MENT CENTER.—The term “participating small
 22 business development center” means a small busi-
 23 ness development center participating in the pilot
 24 program established under this title.

1 (3) REGULATORY COMPLIANCE ASSISTANCE.—

2 The term “regulatory compliance assistance” means
3 assistance provided by a small business development
4 center to a small business concern to assist and fa-
5 cilitate the concern in complying with Federal and
6 State regulatory requirements derived from Federal
7 law.

8 (4) SMALL BUSINESS DEVELOPMENT CEN-

9 TER.—The term “small business development cen-
10 ter” means a small business development center de-
11 scribed in section 21 of the Small Business Act (15
12 U.S.C. 648).

13 (5) STATE.—The term “State” means each of
14 the several States, the District of Columbia, the
15 Commonwealth of Puerto Rico, the Virgin Islands,
16 American Samoa, and Guam.

17 (b) AUTHORITY.—In accordance with this section,
18 the Administrator shall establish a pilot program to pro-
19 vide regulatory compliance assistance to small business
20 concerns through participating small business develop-
21 ment centers.

22 (c) SMALL BUSINESS DEVELOPMENT CENTERS.—

23 (1) IN GENERAL.—In carrying out the pilot
24 program established under this section, the Adminis-
25 trator shall enter into arrangements with partici-

1 pating small business development centers under
2 which such Centers shall—

3 (A) provide access to information and re-
4 sources, including current Federal and State
5 nonpunitive compliance and technical assistance
6 programs similar to those established under
7 section 507 of the Clean Air Act Amendments
8 of 1990 (42 U.S.C. 7661f);

9 (B) conduct training and educational ac-
10 tivities;

11 (C) offer confidential, free of charge, one-
12 on-one, in-depth counseling to the owners and
13 operators of small business concerns regarding
14 compliance with Federal and State regulations
15 derived from Federal law, provided that such
16 counseling is not considered to be the practice
17 of law in a State in which a small business de-
18 velopment center is located or in which such
19 counseling is conducted;

20 (D) provide technical assistance;

21 (E) give referrals to experts and other pro-
22 viders of compliance assistance who meet such
23 standards for educational, technical, and profes-
24 sional competency as are established by the Ad-
25 ministrator; and

1 (F) form partnerships with Federal compli-
2 ance programs.

3 (2) REPORTS.—Each participating small busi-
4 ness development center shall transmit to the Ad-
5 ministrator and the Chief Counsel for Advocacy of
6 the Small Business Administration, as the Adminis-
7 trator may direct, a quarterly report that includes—

8 (A) a summary of the regulatory compli-
9 ance assistance provided by the Center under
10 the pilot program;

11 (B) the number of small business concerns
12 assisted under the pilot program; and

13 (C) for every fourth report, any regulatory
14 compliance information based on Federal law
15 that a Federal or State agency has provided to
16 the center during the preceding year and re-
17 quested that it be disseminated to small busi-
18 ness concerns.

19 (d) ELIGIBILITY.—A small business development cen-
20 ter shall be eligible to receive assistance under the pilot
21 program established under this section only if such Center
22 is certified under section 21(k)(2) of the Small Business
23 Act (15 U.S.C. 648(k)(2)).

24 (e) SELECTION OF PARTICIPATING SMALL BUSINESS
25 DEVELOPMENT CENTERS.—

1 (1) GROUPINGS.—

2 (A) CONSULTATION.—The Administrator
3 shall select the small business development cen-
4 ter Programs of 2 States from each of the
5 groups of States described in subparagraph (B)
6 to participate in the pilot program established
7 under this section.

8 (B) GROUPS.—The groups described in
9 this subparagraph as follows:

10 (i) GROUP 1.—Group 1 shall consist
11 of Maine, Massachusetts, New Hampshire,
12 Connecticut, Vermont, and Rhode Island.

13 (ii) GROUP 2.—Group 2 shall consist
14 of New York, New Jersey, Puerto Rico,
15 and the Virgin Islands.

16 (iii) GROUP 3.—Group 3 shall consist
17 of Pennsylvania, Maryland, West Virginia,
18 Virginia, the District of Columbia, and
19 Delaware.

20 (iv) GROUP 4.—Group 4 shall consist
21 of Georgia, Alabama, North Carolina,
22 South Carolina, Mississippi, Florida, Ken-
23 tucky, and Tennessee.

1 (v) GROUP 5.—Group 5 shall consist
2 of Illinois, Ohio, Michigan, Indiana, Wis-
3 consin, and Minnesota.

4 (vi) GROUP 6.—Group 6 shall consist
5 of Texas, New Mexico, Arkansas, Okla-
6 homa, and Louisiana.

7 (vii) GROUP 7.—Group 7 shall consist
8 of Missouri, Iowa, Nebraska, and Kansas.

9 (viii) GROUP 8.—Group 8 shall consist
10 of Colorado, Wyoming, North Dakota,
11 South Dakota, Montana, and Utah.

12 (ix) GROUP 9.—Group 9 shall consist
13 of California, Guam, American Samoa,
14 Hawaii, Nevada, and Arizona.

15 (x) GROUP 10.—Group 10 shall con-
16 sist of Washington, Alaska, Idaho, and Or-
17 egon.

18 (2) DEADLINE FOR SELECTION.—The Adminis-
19 trator shall make selections under this subsection
20 not later than 6 months after the date of publication
21 of final regulations under section 1704.

22 (f) MATCHING REQUIREMENT.—Subparagraphs (A)
23 and (B) of section 21(a)(4) of the Small Business Act (15
24 U.S.C. 648(a)(4)) shall apply to assistance made available
25 under the pilot program established under this section.

1 (g) GRANT AMOUNTS.—Each State program selected
2 to receive a grant under subsection (e) shall be eligible
3 to receive a grant in an amount equal to—

- 4 (1) not less than \$150,000 per fiscal year; and
5 (2) not more than \$300,000 per fiscal year.

6 (h) EVALUATION AND REPORT.—The Comptroller
7 General of the United States shall—

8 (1) not later than 30 months after the date of
9 disbursement of the first grant under the pilot pro-
10 gram established under this section, initiate an eval-
11 uation of the pilot program; and

12 (2) not later than 6 months after the date of
13 the initiation of the evaluation under paragraph (1),
14 transmit to the Administrator, the Chief Counsel for
15 Advocacy, the Committee on Small Business and
16 Entrepreneurship of the Senate, and the Committee
17 on Small Business of the House of Representatives,
18 a report containing—

19 (A) the results of the evaluation; and

20 (B) any recommendations as to whether
21 the pilot program, with or without modification,
22 should be extended to include the participation
23 of all small business development centers.

24 (i) POSTING OF INFORMATION.—Not later than 90
25 days after the date of enactment of this Act, the Adminis-

1 trator shall post on the website of the Administration and
2 publish in the Federal Register a guidance document de-
3 scribing the requirements of an application for assistance
4 under this section.

5 (j) AUTHORIZATION OF APPROPRIATIONS.—

6 (1) IN GENERAL.—There are authorized to be
7 appropriated to carry out this section—

8 (A) \$5,000,000 for the first fiscal year be-
9 ginning after the date of enactment of this Act;
10 and

11 (B) \$5,000,000 for each of the 3 fiscal
12 years following the fiscal year described in sub-
13 paragraph (A).

14 (2) LIMITATION ON USE OF OTHER FUNDS.—

15 The Administrator may carry out the pilot program
16 established under this section only with amounts ap-
17 propriated in advance specifically to carry out this
18 section.

19 (k) TERMINATION.—The Small Business Regulatory
20 Assistance Pilot Program established under this section
21 shall terminate 4 years after the date of disbursement of
22 the first grant under the pilot program.

23 **SEC. 1704. RULEMAKING.**

24 After providing notice and an opportunity for com-
25 ment, and after consulting with the association (but not

1 later than 180 days after the date of enactment of this
2 Act), the Administrator shall promulgate final regulations
3 to carry out this title, including regulations that estab-
4 lish—

5 (1) priorities for the types of assistance to be
6 provided under the pilot program established under
7 this title;

8 (2) standards relating to educational, technical,
9 and support services to be provided by participating
10 small business development centers;

11 (3) standards relating to any national service
12 delivery and support function to be provided by the
13 association under the pilot program;

14 (4) standards relating to any work plan that
15 the Administrator may require a participating small
16 business development center to develop; and

17 (5) standards relating to the educational, tech-
18 nical, and professional competency of any expert or
19 other assistance provider to whom a small business
20 concern may be referred for compliance assistance
21 under the pilot program.

TITLE XVIII—INTERMEDIARY LENDING PILOT PROGRAM

SEC. 1801. SHORT TITLE.

This title may be cited as the “Small Business Intermediary Lending Pilot Program Act of 2006”.

SEC. 1802. FINDINGS.

Congress finds the following:

(1) Small and emerging businesses, particularly startups and businesses that lack sufficient or conventional collateral, continue to face barriers accessing midsize loans in amounts between \$35,000 and \$200,000, with affordable terms and conditions.

(2) Consolidation in the banking industry has resulted in a decrease in the number of small, locally controlled banks with not more than \$100,000,000 in assets and has changed the method by which banks make small business credit decisions with—

(A) credit scoring techniques replacing relationship-based lending, which often works to the disadvantage of small or start-up businesses that do not conform with a bank’s standardized credit formulas; and

(B) less flexible terms and conditions, which are often necessary for small and emerging businesses.

1 (3) In the environment described in paragraphs
2 (1) and (2), nonprofit intermediary lenders, includ-
3 ing community development corporations, provide fi-
4 nancial resources that supplement the small business
5 lending and investments of a bank by—

6 (A) providing riskier, up front, or subordi-
7 nated capital;

8 (B) offering flexible terms and under-
9 writing procedures; and

10 (C) providing technical assistance to busi-
11 nesses in order to reduce the transaction costs
12 and risk exposure of banks.

13 (4) Several Federal programs, including the
14 Microloan Program under section 7(m) of the Small
15 Business Act (15 U.S.C. 636(m)) and the Inter-
16 mediary Relending Program of the Department of
17 Agriculture, have demonstrated the effectiveness of
18 working through nonprofit intermediaries to address
19 the needs of small business concerns that are unable
20 to access capital through conventional sources.

21 (5) More than 1,000 nonprofit intermediary
22 lenders in the United States are—

23 (A) successfully providing financial and
24 technical assistance to small and emerging busi-
25 nesses;

1 (B) working with banks and other lenders
 2 to leverage additional capital for their business
 3 borrowers; and

4 (C) creating employment opportunities for
 5 low-income individuals through their lending
 6 and business development activities.

7 **SEC. 1803. SMALL BUSINESS INTERMEDIARY LENDING**
 8 **PILOT PROGRAM.**

9 (a) IN GENERAL.—Section 7 of the Small Business
 10 Act (15 U.S.C. 636) is amended by inserting after sub-
 11 section (k) the following:

12 “(l) SMALL BUSINESS INTERMEDIARY LENDING
 13 PROGRAM.—

14 “(1) DEFINITIONS.—In this subsection—

15 “(A) the term ‘intermediary’ means a pri-
 16 vate, nonprofit entity that seeks to borrow, or
 17 has borrowed, funds from the Administration to
 18 provide midsize loans to small business con-
 19 cerns under this subsection, including—

20 “(i) a private, nonprofit community
 21 development corporation;

22 “(ii) a consortium of private, non-
 23 profit organizations or nonprofit commu-
 24 nity development corporations;

1 “(iii) a quasi-governmental economic
2 development entity (such as a planning
3 and development district), other than a
4 State, county, or municipal government;
5 and

6 “(iv) an agency of or nonprofit entity
7 established by a Native American Tribal
8 Government; and

9 “(B) the term ‘midsize loan’ means a fixed
10 rate loan of not less than \$35,000 and not
11 more than \$200,000, made by an intermediary
12 to a startup, newly established, or growing
13 small business concern.

14 “(2) ESTABLISHMENT.—There is established a
15 3-year small business intermediary lending pilot pro-
16 gram (referred to in this subsection as the ‘Pro-
17 gram’), under which the Administration may provide
18 direct loans to eligible intermediaries, for the pur-
19 pose of making fixed interest rate midsize loans to
20 startup, newly established, and growing small busi-
21 ness concerns.

22 “(3) PURPOSES.—The purposes of the Program
23 are—

1 “(A) to assist small business concerns in
2 those areas suffering from a lack of credit due
3 to poor economic conditions;

4 “(B) to create employment opportunities
5 for low-income individuals;

6 “(C) to establish a midsize loan program
7 to be administered by the Administration to
8 provide loans to eligible intermediaries to enable
9 such intermediaries to provide small scale loans,
10 particularly loans in amounts averaging not
11 more than \$150,000, to startup, newly estab-
12 lished, or growing small business concerns for
13 working capital or the acquisition of materials,
14 supplies, or equipment;

15 “(D) to test the effectiveness of nonprofit
16 intermediaries—

17 “(i) as a delivery system for a midsize
18 loan program; and

19 “(ii) in addressing the credit needs of
20 small business concerns and leveraging
21 other sources of credit; and

22 “(E) to determine the advisability and fea-
23 sibility of implementing a midsize loan program
24 nationwide.

1 “(4) ELIGIBILITY FOR PARTICIPATION.—An
2 intermediary shall be eligible to receive loans under
3 the Program if the intermediary has not less than
4 1 year of experience making loans to startup, newly
5 established, or growing small business concerns.

6 “(5) LOANS TO INTERMEDIARIES.—

7 “(A) APPLICATION.—Each intermediary
8 desiring a loan under this subsection shall sub-
9 mit an application to the Administration that
10 describes—

11 “(i) the type of small business con-
12 cerns to be assisted;

13 “(ii) the size and range of loans to be
14 made;

15 “(iii) the geographic area to be served
16 and its economic, poverty, and unemploy-
17 ment characteristics;

18 “(iv) the status of small business con-
19 cerns in the area to be served and an anal-
20 ysis of the availability of credit; and

21 “(v) the qualifications of the applicant
22 to carry out this subsection.

23 “(B) LOAN LIMITS.—Notwithstanding sub-
24 section (a)(3), no loan may be made to an
25 intermediary under this subsection if the total

1 amount outstanding and committed to the
2 intermediary from the business loan and invest-
3 ment fund established by this Act would, as a
4 result of such loan, exceed \$1,000,000 during
5 the participation of the intermediary in the Pro-
6 gram.

7 “(C) LOAN DURATION.—Loans made by
8 the Administration under this subsection shall
9 be for a maximum term of 20 years.

10 “(D) APPLICABLE INTEREST RATES.—
11 Loans made by the Administration to an inter-
12 mediary under the Program shall bear an an-
13 nual interest rate equal to 1.00 percent.

14 “(E) FEES; COLLATERAL.—The Adminis-
15 tration may not charge any fees or require col-
16 lateral with respect to any loan made to an
17 intermediary under this subsection.

18 “(F) LEVERAGE.—Any loan to a small
19 business concern under this subsection shall not
20 exceed 75 percent of the total cost of the
21 project funded by such loan, with the remaining
22 funds being leveraged from other sources, in-
23 cluding—

24 “(i) banks or credit unions;

1 “(ii) community development financial
2 institutions; and

3 “(iii) other sources with funds avail-
4 able to the intermediary lender.

5 “(G) DELAYED PAYMENTS.—The Adminis-
6 tration shall not require the repayment of prin-
7 cipal or interest on a loan made to an inter-
8 mediary under the Program during the first 2
9 years of the loan.

10 “(6) PROGRAM FUNDING FOR MIDSIZE
11 LOANS.—

12 “(A) NUMBER OF PARTICIPANTS.—Under
13 the Program, the Administration may provide
14 loans, on a competitive basis, to not more than
15 20 intermediaries.

16 “(B) EQUITABLE DISTRIBUTION OF INTER-
17 MEDIARIES.—The Administration shall select
18 and provide funding under the Program to such
19 intermediaries as will ensure geographic diver-
20 sity and representation of urban and rural com-
21 munities.

22 “(7) REPORT TO CONGRESS.—

23 “(A) INITIAL REPORT.—Not later than 30
24 months after the date of enactment of the
25 Small Business Intermediary Lending Pilot

1 Program Act of 2006, the Administration shall
2 submit a report containing an evaluation of the
3 effectiveness of the Program to—

4 “(i) the Committee on Small Business
5 and Entrepreneurship of the Senate; and

6 “(ii) the Committee on Small Busi-
7 ness of the House of Representatives.

8 “(B) ANNUAL REPORT.—Not later than 12
9 months after the date of enactment of the
10 Small Business Intermediary Lending Pilot
11 Program Act of 2006, and annually thereafter,
12 the Administration shall submit a report con-
13 taining an evaluation of the effectiveness of the
14 Program to the Committees described in sub-
15 paragraph (A).

16 “(C) CONTENTS.—The reports submitted
17 under subparagraphs (A) and (B) shall in-
18 clude—

19 “(i) the numbers and locations of the
20 intermediaries receiving funds to provide
21 midsize loans;

22 “(ii) the amounts of each loan to an
23 intermediary;

1 “(iii) the numbers and amounts of
2 midsize loans made by intermediaries to
3 small business concerns;

4 “(iv) the repayment history of each
5 intermediary;

6 “(v) a description of the loan portfolio
7 of each intermediary, including the extent
8 to which it provides midsize loans to small
9 business concerns in rural and economi-
10 cally depressed areas;

11 “(vi) an estimate of the number of
12 low-income individuals who have been em-
13 ployed as a direct result of the Program;
14 and

15 “(vii) any recommendations for legis-
16 lative changes that would improve the op-
17 eration of the Program.”.

18 (b) RULEMAKING AUTHORITY.—Not later than 180
19 days after the date of enactment of this Act, the Adminis-
20 trator shall issue regulations to carry out section 7(l) of
21 the Small Business Act, as added by subsection (a).

22 (c) AUTHORIZATION OF APPROPRIATIONS.—

23 (1) IN GENERAL.—There are authorized to be
24 appropriated to the Administration such sums as
25 may be necessary for each of the fiscal years 2007

1 through 2009 to provide \$20,000,000 in loans under
 2 section 7(l) of the Small Business Act, as added by
 3 subsection (a).

4 (2) AVAILABILITY.—Any amounts appropriated
 5 pursuant to paragraph (1) shall remain available
 6 until expended.

7 **TITLE XIX—OTHER PROVISIONS**

8 **SEC. 1901. COMPLIANCE ASSISTANCE.**

9 (a) IN GENERAL.—Section 212(a) of the Small Busi-
 10 ness Regulatory Enforcement Fairness Act of 1996 (5
 11 U.S.C. 601 note) is amended to read as follows:

12 “(a) COMPLIANCE GUIDE.—

13 “(1) IN GENERAL.—For each rule or group of
 14 related rules for which an agency is required to pre-
 15 pare a final regulatory flexibility analysis under sec-
 16 tion 605(b) of title 5, United States Code, the agen-
 17 cy shall publish 1 or more guides to assist small en-
 18 tities in complying with the rule, and shall entitle
 19 such publications ‘small entity compliance guides’.

20 “(2) PUBLICATION OF GUIDES.—The publica-
 21 tion of each guide under this subsection shall in-
 22 clude—

23 “(A) the posting of the guide in an easily
 24 identified location on the website of the agency;
 25 and

1 “(B) distribution of the guide to known in-
2 dustry contacts, such as small entities, associa-
3 tions, or industry leaders affected by the rule.

4 “(3) PUBLICATION DATE.—An agency shall
5 publish each guide (including the posting and dis-
6 tribution of the guide as described under paragraph
7 (2))—

8 “(A) on the same date as the date of publi-
9 cation of the final rule (or as soon as possible
10 after that date); and

11 “(B) not later than the date on which the
12 requirements of that rule become effective.

13 “(4) COMPLIANCE ACTIONS.—

14 “(A) IN GENERAL.—Each guide shall ex-
15 plain the actions which a small entity is re-
16 quired to take to comply with a rule.

17 “(B) EXPLANATION.—The explanation
18 under subparagraph (A)—

19 “(i) shall include a description of ac-
20 tions needed to meet the requirements of a
21 rule, to enable a small entity to know when
22 such requirements are met; and

23 “(ii) if determined appropriate by the
24 agency, may include a description of pos-
25 sible procedures, such as conducting tests,

1 that may assist a small entity in meeting
2 such requirements.

3 “(C) PROCEDURES.—Procedures described
4 under subparagraph (B)(ii)—

5 “(i) shall be suggestions to assist
6 small entities; and

7 “(ii) shall not be additional require-
8 ments relating to the rule.

9 “(5) AGENCY PREPARATION OF GUIDES.—The
10 agency shall, in its sole discretion, taking into ac-
11 count the subject matter of the rule and the lan-
12 guage of relevant statutes, ensure that the guide is
13 written using sufficiently plain language likely to be
14 understood by affected small entities. Agencies may
15 prepare separate guides covering groups or classes of
16 similarly affected small entities and may cooperate
17 with associations of small entities to develop and dis-
18 tribute such guides. An agency may prepare guides
19 and apply this section with respect to a rule or a
20 group of related rules.

21 “(6) REPORTING.—Not later than 1 year after
22 the date of enactment of the Small Business Reau-
23 thorization and Improvements Act of 2006, and an-
24 nually thereafter, the head of each agency shall sub-
25 mit a report to the Committee on Small Business

1 and Entrepreneurship of the Senate and the Com-
 2 mittee on Small Business of the House of Rep-
 3 resentatives describing the status of the agency's
 4 compliance with paragraphs (1) through (5).”.

5 (b) TECHNICAL AND CONFORMING AMENDMENT.—
 6 Section 211(3) of the Small Business Regulatory Enforce-
 7 ment Fairness Act of 1996 (5 U.S.C. 601 note) is amend-
 8 ed by inserting “and entitled” after “designated”.

9 **SEC. 1902. APPOINTMENT OF OFFICIALS.**

10 (a) IN GENERAL.—Section 4(b)(1) of the Small Busi-
 11 ness Act (15 U.S.C. 633(b)(1)) is amended—

12 (1) by inserting “(A)” after “(b)(1)”; and

13 (2) by adding at the end the following:

14 “(B) The following officials of the Administration
 15 shall be appointed by and with the advice and consent of
 16 the Senate:

17 “(i) The General Counsel.

18 “(ii) The Associate Deputy Administrator for
 19 Capital Access.

20 “(iii) The Associate Deputy Administrator for
 21 Management and Administration.

22 “(iv) The Associate Deputy Administrator for
 23 Entrepreneurial Development.

24 “(v) The Associate Deputy Administrator for
 25 Government Contracting and Business Development.

1 “(vi) The Associate Administrator for Disaster
2 Assistance.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 subsection (a) shall take effect with respect to any ap-
5 pointment made after the date of enactment of this Act.

6 **SEC. 1903. SECOND-STAGE PILOT PROGRAM.**

7 (a) PURPOSE.—The purpose of this section is to es-
8 tablish a 3-year pilot program to—

9 (1) identify second-stage small business con-
10 cerns that have the capacity for significant business
11 growth and job creation;

12 (2) facilitate business growth and job creation
13 by second-stage small business concerns through the
14 development of peer learning opportunities;

15 (3) utilize the network of small business devel-
16 opment centers to expand access to peer learning op-
17 portunities for second-stage small business concerns;
18 and

19 (4) assist businesses owned by minority individ-
20 uals, service-disabled veterans, and women.

21 (b) DEFINITIONS.—In this section:

22 (1) COMMUNITY COLLEGE.—The term “commu-
23 nity college” has the meaning given that term in sec-
24 tion 3301(3) of the Higher Education Act of 1965
25 (20 U.S.C. 7011(3)).

1 (2) ELIGIBLE ENTITIES.—The term “eligible
2 entity” means an entity that—

3 (A) is eligible to receive funding under sec-
4 tion 21 of the Small Business Act (15 U.S.C.
5 648); and

6 (B) submits to the Administrator an appli-
7 cation that includes—

8 (i) a plan to—

9 (I) offer peer learning opportuni-
10 ties to second-stage small business
11 concerns; and

12 (II) transition to providing such
13 opportunities using nongovernmental
14 funding; and

15 (ii) any other information and assur-
16 ances that the Administrator may require.

17 (3) HISTORICALLY BLACK COLLEGE.—The term
18 “historically Black college” means a part B institu-
19 tion, as defined in section 322(2) of the Higher
20 Education Act of 1965 (20 U.S.C. 1061(2)).

21 (4) HISPANIC-SERVING INSTITUTION.—The
22 term “Hispanic-serving institution” has the meaning
23 given that term in section 502(a)(5) of the Higher
24 Education Act of 1965 (20 U.S.C. 1101a(a)(5)).

1 (5) MINORITY INSTITUTION.—The term “mi-
2 nority institution” has the meaning given that term
3 in section 365(3) of the Higher Education Act of
4 1965 (20 U.S.C. 1067k(3)).

5 (6) PEER LEARNING OPPORTUNITIES.—The
6 term “peer learning opportunities” means formally
7 organized peer groups of owners, presidents and
8 chief executive officers in noncompeting second-stage
9 business concerns, meeting regularly with a profes-
10 sionally trained facilitator.

11 (7) PILOT PROGRAM.—The term “pilot pro-
12 gram” means the program established under sub-
13 section (c)(1).

14 (8) SECOND-STAGE SMALL BUSINESS CON-
15 CERN.—

16 (A) IN GENERAL.—The term “second-
17 stage small business concern” means a small
18 business concern that—

19 (i) has experienced high growth dem-
20 onstrated by—

21 (I) an average annual revenue or
22 employee growth rate of at least 15
23 percent during the preceding 3 years;
24 or

1 (II) a combination of any 3 of
2 the attributes described in subpara-
3 graph (B); and

4 (ii) does not exceed the size standard
5 for the North American Industrial Classi-
6 fication System code of such concern, as
7 established pursuant to section 3(a) of the
8 Small Business Act (15 U.S.C. 632(a)).

9 (B) ATTRIBUTES.—The attributes de-
10 scribed in this subparagraph are—

11 (i) owning proprietary intellectual
12 property;

13 (ii) addressing an underserved or
14 growing market;

15 (iii) having a sustainable competitive
16 advantage;

17 (iv) exporting goods or services out-
18 side of its community;

19 (v) having a product or service that is
20 scalable to a large market; and

21 (vi) ownership by minority individuals,
22 service-disabled veterans, or women.

23 (9) STATE.—The term “State” means each of
24 the several States, the District of Columbia, the

1 Commonwealth of Puerto Rico, the Virgin Islands,
2 Guam, and American Samoa.

3 (c) PILOT PROGRAM.—

4 (1) ESTABLISHMENT.—The Administrator shall
5 establish and carry out a pilot program to make
6 grants to eligible entities for the development of peer
7 learning opportunities for second-stage small busi-
8 ness concerns in accordance with this section.

9 (2) SELECTION OF GRANT RECIPIENTS.—

10 (A) IN GENERAL.—The Administrator
11 shall select 2 eligible entities from each of the
12 10 regions described in subparagraph (C) to re-
13 ceive grants.

14 (B) CRITERIA FOR SELECTION.—The Ad-
15 ministrator shall evaluate the plans described in
16 subsection (b)(2) submitted by eligible entities
17 and select eligible entities to receive grants on
18 the basis of the merit of such plans.

19 (C) REGIONS DESCRIBED.—The regions
20 described in this subparagraph are as follows:

21 (i) REGION 1.—Maine, Massachusetts,
22 New Hampshire, Connecticut, Vermont,
23 and Rhode Island.

24 (ii) REGION 2.—New York, New Jer-
25 sey, Puerto Rico, and the Virgin Islands.

1 (iii) REGION 3.—Pennsylvania, Mary-
 2 land, West Virginia, Virginia, the District
 3 of Columbia, and Delaware.

4 (iv) REGION 4.—Georgia, Alabama,
 5 North Carolina, South Carolina, Mis-
 6 sissippi, Florida, Kentucky, and Tennessee.

7 (v) REGION 5.—Illinois, Ohio, Michi-
 8 gan, Indiana, Wisconsin, and Minnesota.

9 (vi) REGION 6.—Texas, New Mexico,
 10 Arkansas, Oklahoma, and Louisiana.

11 (vii) REGION 7.—Missouri, Iowa, Ne-
 12 braska, and Kansas.

13 (viii) REGION 8.—Colorado, Wyoming,
 14 North Dakota, South Dakota, Montana,
 15 and Utah.

16 (ix) REGION 9.—California, Guam,
 17 Hawaii, Nevada, Arizona, and American
 18 Samoa.

19 (x) REGION 10.—Washington, Alaska,
 20 Idaho, and Oregon.

21 (D) CONSULTATION.—If small business de-
 22 velopment centers have formed an association
 23 to pursue matters of common concern as au-
 24 thorized under section 21(a)(3)(A) of the Small
 25 Business Act (15 U.S.C. 648(a)(3)(A)), the Ad-

1 administrator shall consult with such association
2 and give substantial weight to the recommenda-
3 tions of such association in selecting the grant
4 recipients under this subsection.

5 (E) DEADLINE FOR INITIAL SELEC-
6 TIONS.—The Administrator shall make selec-
7 tions under subparagraph (A) not later than 60
8 days after the promulgation of regulations
9 under subsection (d).

10 (3) USE OF FUNDS.—An eligible entity that re-
11 ceives a grant under the pilot program shall use the
12 grant to—

13 (A) identify second-stage small business
14 concerns in the service delivery areas of the eli-
15 gible entity; and

16 (B) establish and conduct peer learning
17 opportunities for such second-stage small busi-
18 ness concerns.

19 (4) AMOUNT OF GRANT.—

20 (A) IN GENERAL.—Except as provided in
21 subparagraph (B), a grant under the pilot pro-
22 gram shall be in an amount that does not ex-
23 ceed the product obtained by multiplying—

1 (i) the amount made available for
2 grants under the pilot program for the fis-
3 cal year for which the grant is made; and

4 (ii) the ratio that the population of
5 the State in which the eligible entity is lo-
6 cated bears to the aggregate population the
7 States in which eligible entities receiving
8 grants for that fiscal year are located.

9 (B) MINIMUM AMOUNT OF GRANT.—A
10 grant under the pilot program shall be in an
11 amount not less than \$50,000.

12 (5) MATCHING REQUIREMENT.—As a condition
13 of a grant under the pilot program, the Adminis-
14 trator shall require that a matching amount be pro-
15 vided from sources other than the Federal Govern-
16 ment that—

17 (A) is equal to the amount of the grant, or
18 in the case of an eligible entity that is a com-
19 munity college, historically Black college, His-
20 panic-serving institution, or other minority in-
21 stitution, is equal to 50 percent of the amount
22 of the grant;

23 (B) is not less than 50 percent cash;

24 (C) is not more than 50 percent comprised
25 of indirect costs and in-kind contributions; and

1 (D) does not include any indirect cost or
2 in-kind contribution derived from any Federal
3 program.

4 (6) QUARTERLY REPORT TO ADMINISTRATOR.—

5 (A) IN GENERAL.—Each eligible entity
6 that receives a grant under the pilot program
7 shall submit to the Administrator a quarterly
8 report that includes—

9 (i) a summary of the peer learning op-
10 portunities established by the eligible enti-
11 ty using grant funds;

12 (ii) the number of second-stage small
13 business concerns assisted using grant
14 funds; and

15 (iii) in the case of an eligible entity
16 that receives a grant for a second fiscal
17 year or any subsequent fiscal year—

18 (I) any measurable economic im-
19 pact data resulting from the peer
20 learning opportunities established
21 using grant funds; and

22 (II) the number of peer learning
23 opportunities established by the eligi-
24 ble entity that have transitioned from
25 operating using Government funds to

1 operating without using Government
2 funds.

3 (B) FORM OF REPORT.—Each report re-
4 quired under subparagraph (A) shall be trans-
5 mitted in electronic form.

6 (7) DATA REPOSITORY AND CLEARINGHOUSE.—
7 In carrying out the pilot program, the Administrator
8 shall act as the repository of and clearinghouse for
9 data and information submitted by the eligible enti-
10 ties.

11 (8) ANNUAL REPORT ON PILOT PROGRAM.—Not
12 later than November 1 of each year, the Adminis-
13 trator shall submit to the President and to Con-
14 gress, a report evaluating the success of the pilot
15 program during the preceding fiscal year, which
16 shall include the following:

17 (A) A description of the types of peer
18 learning opportunities provided with grant
19 funds.

20 (B) The number of second-stage small
21 business concerns assisted with grant funds.

22 (C) For fiscal year 2007 and each subse-
23 quent fiscal year of the pilot program—

1 (i) data regarding the economic im-
2 pact of the peer learning opportunities pro-
3 vided with grant funds; and

4 (ii) the number of peer learning op-
5 portunities established by grant recipients
6 that have transitioned from operating
7 using Government funds to operating with-
8 out using Government funds.

9 (9) PRIVACY REQUIREMENT.—

10 (A) IN GENERAL.—A small business devel-
11 opment center, consortium of small business de-
12 velopment centers, or contractor or agent of a
13 small business development center shall not dis-
14 close the name, address, or telephone number of
15 any individual or small business concern receiv-
16 ing assistance under this section without the
17 consent of such individual or small business
18 concern, unless—

19 (i) the Administrator is ordered to
20 make such a disclosure by a court in any
21 civil or criminal enforcement action initi-
22 ated by a Federal or State agency; or

23 (ii) the Administrator considers such
24 a disclosure to be necessary for the pur-
25 pose of conducting a financial audit of a

1 small business development center, but a
2 disclosure under this clause shall be limited
3 to the information necessary for such
4 audit.

5 (B) ADMINISTRATOR USE OF INFORMA-
6 TION.—The privacy requirement under this
7 paragraph shall not—

8 (i) restrict Administrator access to
9 program activity data; or

10 (ii) prevent the Administrator from
11 using client information to conduct client
12 surveys.

13 (10) EVALUATION AND REPORT.—Not later
14 than 2 years after the establishment of the pilot pro-
15 gram, the Comptroller General of the United States
16 shall—

17 (A) conduct an evaluation of the pilot pro-
18 gram; and

19 (B) transmit to Congress and the Adminis-
20 trator a report containing the results of such
21 evaluation along with any recommendations as
22 to whether the pilot program, with or without
23 modification, should be extended to include the
24 participation of all small business development
25 centers.

1 (11) TERMINATION.—The pilot program shall
2 terminate on September 30, 2009.

3 (d) REGULATIONS.—After providing notice and an
4 opportunity for comment and after consulting with the as-
5 sociation described in subsection (c)(2)(E) (if any such as-
6 sociation has been formed), the Administrator shall pro-
7 mulgate final regulations to carry out this section, includ-
8 ing regulations that establish—

9 (1) standards relating to the establishment and
10 conduct of peer learning opportunities to be provided
11 by grant recipients, including the number of individ-
12 uals that may participate in a peer group that is
13 part of a peer learning opportunity;

14 (2) standards relating to the educational, tech-
15 nical, and professional competency of any facilitator
16 who delivers peer learning opportunities under the
17 pilot program; and

18 (3) requirements for transitioning peer learning
19 opportunities funded under the pilot program to
20 nongovernmental funding.

21 (e) AUTHORIZATION OF APPROPRIATIONS.—

22 (1) IN GENERAL.—There are authorized to be
23 appropriated to carry out this section, \$1,500,000
24 for each of fiscal years 2007 through 2009.

1 (2) LIMITATION ON USE OF OTHER FUNDS.—

2 The Administrator shall carry out this section using
3 only amounts appropriated in advance specifically
4 for the purpose of carrying out this section.

5 **SEC. 1904. PRIME REAUTHORIZATION AND TRANSFER TO**
6 **THE SMALL BUSINESS ACT.**

7 (a) PROGRAM REAUTHORIZATION.—The Small Busi-
8 ness Act (15 U.S.C. 631 et seq.) is amended by inserting
9 after section 39, as added by this Act, the following:

10 **“SEC. 40. PROGRAM FOR INVESTMENT IN MICROENTRE-**
11 **PRENEURS.**

12 “(a) DEFINITIONS.—In this section:

13 “(1) CAPACITY BUILDING SERVICES.—The term
14 ‘capacity building services’ means services provided
15 to an organization that is, or that is in the process
16 of becoming, a microenterprise development organi-
17 zation or program, for the purpose of enhancing its
18 ability to provide training and services to disadvan-
19 taged entrepreneurs.

20 “(2) COLLABORATIVE.—The term ‘collabo-
21 rative’ means 2 or more nonprofit entities that agree
22 to act jointly as a qualified organization under this
23 section.

1 “(3) DISADVANTAGED ENTREPRENEUR.—The
2 term ‘disadvantaged entrepreneur’ means a micro-
3 entrepreneur that—

4 “(A) is a low-income person;

5 “(B) is a very low-income person; or

6 “(C) lacks adequate access to capital or
7 other resources essential for business success,
8 or is economically disadvantaged, as determined
9 by the Administrator.

10 “(4) DISADVANTAGED NATIVE AMERICAN EN-
11 TREPREENEUR.—The term ‘disadvantaged Native
12 American entrepreneur’ means a disadvantaged en-
13 trepreneur who is also a member of an Indian Tribe.

14 “(5) INDIAN TRIBE.—The term ‘Indian tribe’
15 has the same meaning as in section 4(a) of the In-
16 dian Self-Determination and Education Assistance
17 Act.

18 “(6) INTERMEDIARY.—The term ‘intermediary’
19 means a private, nonprofit entity that seeks to serve
20 microenterprise development organizations and pro-
21 grams, as authorized under subsection (d).

22 “(7) LOW-INCOME PERSON.—The term ‘low-in-
23 come person’ means having an income, adjusted for
24 family size, of not more than—

1 “(A) for metropolitan areas, 80 percent of
2 the area median income; and

3 “(B) for nonmetropolitan areas, the great-
4 er of—

5 “(i) 80 percent of the area median in-
6 come; or

7 “(ii) 80 percent of the statewide non-
8 metropolitan area median income.

9 “(8) MICROENTREPRENEUR.—The term ‘micro-
10 entrepreneur’ means the owner or developer of a
11 microenterprise.

12 “(9) MICROENTERPRISE.—The term ‘micro-
13 enterprise’ means a sole proprietorship, partnership,
14 or corporation that—

15 “(A) has fewer than 5 employees; and

16 “(B) generally lacks access to conventional
17 loans, equity, or other banking services.

18 “(10) MICROENTERPRISE DEVELOPMENT ORGA-
19 NIZATION OR PROGRAM.—The term ‘microenterprise
20 development organization or program’ means a non-
21 profit entity, or a program administered by such an
22 entity, including community development corpora-
23 tions or other nonprofit development organizations
24 and social service organizations, that provides serv-
25 ices to disadvantaged entrepreneurs.

1 “(11) TRAINING AND TECHNICAL ASSIST-
2 ANCE.—The term ‘training and technical assistance’
3 means services and support provided to disadvan-
4 taged entrepreneurs, such as assistance for the pur-
5 pose of enhancing business planning, marketing,
6 management, financial management skills, and as-
7 sistance for the purpose of accessing financial serv-
8 ices.

9 “(12) VERY LOW-INCOME PERSON.—The term
10 ‘very low-income person’ means having an income,
11 adjusted for family size, of not more than 150 per-
12 cent of the poverty line (as defined in section 673(2)
13 of the Community Services Block Grant Act (42
14 U.S.C. 9902(2)), including any revision required by
15 that section).

16 “(b) ESTABLISHMENT OF PROGRAM.—The Adminis-
17 trator shall establish a microenterprise technical assist-
18 ance and capacity building grant program to provide as-
19 sistance from the Administration in the form of grants
20 to qualified organizations in accordance with this section.

21 “(c) USES OF ASSISTANCE.—A qualified organization
22 shall use grants made under this section—

23 “(1) to provide training and technical assist-
24 ance to disadvantaged entrepreneurs;

1 “(2) to provide training and capacity building
2 services to microenterprise development organiza-
3 tions and programs and groups of such organiza-
4 tions to assist such organizations and programs in
5 developing microenterprise training and services;

6 “(3) to aid in researching and developing the
7 best practices in the field of microenterprise and
8 technical assistance programs for disadvantaged en-
9 trepreneurs;

10 “(4) to provide training and technical assist-
11 ance to disadvantaged Native American entre-
12 preneurs and prospective entrepreneurs; and

13 “(5) for such other activities as the Adminis-
14 trator determines are consistent with the purposes of
15 this section.

16 “(d) QUALIFIED ORGANIZATIONS.—For purposes of
17 eligibility for assistance under this section, a qualified or-
18 ganization shall be—

19 “(1) a nonprofit microenterprise development
20 organization or program (or a group or collaborative
21 thereof) that has a demonstrated record of delivering
22 microenterprise services to disadvantaged entre-
23 preneurs;

24 “(2) an intermediary;

1 “(3) a microenterprise development organiza-
2 tion or program that is accountable to a local com-
3 munity, working in conjunction with a State or local
4 government or Indian tribe; or

5 “(4) an Indian tribe acting on its own, if the
6 Indian tribe can certify that no private organization
7 or program referred to in this subsection exists with-
8 in its jurisdiction.

9 “(e) ALLOCATION OF ASSISTANCE; SUBGRANTS.—

10 “(1) ALLOCATION OF ASSISTANCE.—

11 “(A) IN GENERAL.—The Administrator
12 shall allocate assistance from the Administra-
13 tion under this section to ensure that—

14 “(i) activities described in subsection
15 (c)(1) are funded using not less than 75
16 percent of amounts made available for
17 such assistance; and

18 “(ii) activities described in subsection
19 (c)(2) are funded using not less than 15
20 percent of amounts made available for
21 such assistance.

22 “(B) LIMIT ON INDIVIDUAL ASSISTANCE.—
23 No single person may receive more than 10 per-
24 cent of the total funds appropriated under this
25 section in a single fiscal year.

1 “(2) TARGETED ASSISTANCE.—The Adminis-
2 trator shall ensure that not less than 50 percent of
3 the grants made under this section are used to ben-
4 efit very low-income persons, including those resid-
5 ing on Indian reservations.

6 “(3) SUBGRANTS AUTHORIZED.—

7 “(A) IN GENERAL.—A qualified organiza-
8 tion receiving assistance under this section may
9 provide grants using that assistance to qualified
10 small and emerging microenterprise organiza-
11 tions and programs, subject to such rules and
12 regulations as the Administrator determines to
13 be appropriate.

14 “(B) LIMIT ON ADMINISTRATIVE EX-
15 PENSES.—Not more than 7.5 percent of assist-
16 ance received by a qualified organization under
17 this section may be used for administrative ex-
18 penses in connection with the making of sub-
19 grants under subparagraph (A).

20 “(4) DIVERSITY.—In making grants under this
21 section, the Administrator shall ensure that grant
22 recipients include both large and small microenter-
23 prise organizations, serving urban, rural, and Indian
24 tribal communities serving diverse populations.

1 “(5) PROHIBITION ON PREFERENTIAL CONSID-
2 ERATION OF CERTAIN ADMINISTRATION PROGRAM
3 PARTICIPANTS.—In making grants under this sec-
4 tion, the Administrator shall ensure that any appli-
5 cation made by a qualified organization that is a
6 participant in the program established under section
7 7(m) does not receive preferential consideration over
8 applications from other qualified organizations that
9 are not participants in such program.

10 “(f) MATCHING REQUIREMENTS.—

11 “(1) IN GENERAL.—Financial assistance under
12 this section shall be matched with funds from
13 sources other than the Federal Government on the
14 basis of not less than 50 percent of each dollar pro-
15 vided by the Administration.

16 “(2) SOURCES OF MATCHING FUNDS.—Fees,
17 grants, gifts, funds from loan sources, and in-kind
18 resources of a grant recipient from public or private
19 sources may be used to comply with the matching
20 requirement in paragraph (1).

21 “(3) EXCEPTION.—

22 “(A) IN GENERAL.—In the case of an ap-
23 plicant for assistance under this section with se-
24 vere constraints on available sources of match-
25 ing funds, the Administrator may reduce or

1 eliminate the matching requirements of para-
2 graph (1).

3 “(B) LIMITATION.—Not more than 10 per-
4 cent of the total funds made available from the
5 Administration in any fiscal year to carry out
6 this section may be excepted from the matching
7 requirements of paragraph (1), as authorized by
8 subparagraph (A) of this paragraph.

9 “(g) APPLICATIONS FOR ASSISTANCE.—An applica-
10 tion for assistance under this section shall be submitted
11 in such form and in accordance with such procedures as
12 the Administrator shall establish.

13 “(h) RECORDKEEPING AND REPORTING.—

14 “(1) IN GENERAL.—Each organization that re-
15 ceives assistance from the Administration under this
16 section shall—

17 “(A) submit to the Administration not less
18 than once in every 18-month period, financial
19 statements audited by an independent certified
20 public accountant;

21 “(B) submit an annual report to the Ad-
22 ministration on its activities; and

23 “(C) keep such records as may be nec-
24 essary to disclose the manner in which any as-
25 sistance under this section is used.

1 “(2) ACCESS.—The Administration shall have
2 access upon request, for the purposes of determining
3 compliance with this section, to any records of any
4 organization that receives assistance from the Ad-
5 ministration under this section.

6 “(3) DATA COLLECTION.—Each organization
7 that receives assistance from the Administration
8 under this section shall collect information relating
9 to, as applicable—

10 “(A) the number of individuals counseled
11 or trained;

12 “(B) the number of hours of counseling
13 provided;

14 “(C) the number of startup small business
15 concerns formed;

16 “(D) the number of small business con-
17 cerns expanded;

18 “(E) the number of low-income individuals
19 counseled or trained; and

20 “(F) the number of very low-income indi-
21 viduals counseled or trained.

22 “(i) AUTHORIZATION OF APPROPRIATIONS.—

23 “(1) IN GENERAL.—There are authorized to be
24 appropriated to the Administrator \$15,000,000 for
25 each of the fiscal years 2007 through 2009, to carry

1 out the provisions of this section, which shall remain
2 available until expended.

3 “(2) TRAINING FOR NATIVE AMERICAN ENTRE-
4 PRENEURS.—In addition to the amount authorized
5 under paragraph (1), there are authorized to be ap-
6 propriated to the Administrator \$2,000,000 for each
7 of the fiscal years 2007 through 2009, to carry out
8 the provisions of subsection (c)(4), which shall re-
9 main available until expended.”.

10 (b) CONFORMING REPEAL.—Subtitle C of title I of
11 the Riegle Community Development and Regulatory Im-
12 provement Act of 1994 (15 U.S.C. 6901 note) is repealed.

13 (c) REFERENCES.—All references in Federal law,
14 other than subsection (d) of this section, to the “Program
15 for Investment in Microentrepreneurs Act of 1999” or the
16 “PRIME Act” shall be deemed to be references to section
17 40 of the Small Business Act, as added by this section.

18 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
19 tion or the amendments made by this section shall affect
20 any grant or assistance provided under the Program for
21 Investment in Microentrepreneurs Act of 1999, before the
22 date of enactment of this Act, and any such grant or as-
23 sistance shall be subject to the Program for Investment
24 in Microentrepreneurs Act of 1999, as in effect on the day
25 before the date of enactment of this Act.

1 **SEC. 1905. CHILD CARE LENDING PILOT PROGRAM.**

2 (a) CHILD CARE LENDING PILOT PROGRAM.—Sec-
3 tion 502 of the Small Business Investment Act of 1958
4 (15 U.S.C. 696), as amended by this Act, is amended—

5 (1) in the matter preceding paragraph (1)—

6 (A) by striking “The Administration” and
7 inserting the following:

8 “(a) AUTHORIZATION.—The Administration”;

9 (B) by striking “and such loans” and in-
10 serting “. Such loans”;

11 (C) by striking “: *Provided, however,* That
12 the foregoing powers shall be subject to the fol-
13 lowing restrictions and limitations:” and insert-
14 ing a period; and

15 (D) by adding at the end the following:

16 “(b) RESTRICTIONS AND LIMITATIONS.—The author-
17 ity under subsection (a) shall be subject to the following
18 restrictions and limitations:”; and

19 (2) in subsection (b)(1), as so redesignated—

20 (A) by inserting after “USE OF PRO-
21 CEEDS.—” the following:

22 “(A) IN GENERAL.—”; and

23 (B) by adding at the end the following:

24 “(B) LOANS TO SMALL, NONPROFIT CHILD
25 CARE BUSINESSES.—

1 “(i) IN GENERAL.—Notwithstanding
2 subsection (a), the proceeds of any loan de-
3 scribed in subsection (a) may be used by
4 the certified development company to as-
5 sist a small, nonprofit child care business,
6 if—

7 “(I) the loan is used for a sound
8 business purpose that has been ap-
9 proved by the Administration;

10 “(II) each such business meets
11 all of the same eligibility requirements
12 applicable to for-profit businesses
13 under this title, except for status as a
14 for-profit business;

15 “(III) 1 or more individuals has
16 personally guaranteed the loan;

17 “(IV) each such business has
18 clear and singular title to the collat-
19 eral for the loan; and

20 “(V) each such business has suf-
21 ficient cash flow from its operations to
22 meet its obligations on the loan and
23 its normal and reasonable operating
24 expenses.

1 “(ii) LIMITATION ON VOLUME.—Not
2 more than 7 percent of the total number of
3 loans guaranteed in any fiscal year under
4 this title may be awarded under this sub-
5 paragraph.

6 “(iii) DEFINED TERM.—For purposes
7 of this subparagraph, the term ‘small, non-
8 profit child care business’ means an estab-
9 lishment that—

10 “(I) is organized in accordance
11 with section 501(c)(3) of the Internal
12 Revenue Code of 1986;

13 “(II) is primarily engaged in pro-
14 viding child care for infants, toddlers,
15 pre-school, or pre-kindergarten chil-
16 dren (or any combination thereof),
17 and may provide care for older chil-
18 dren when they are not in school, and
19 may offer pre-kindergarten edu-
20 cational programs;

21 “(III) including its affiliates, has
22 tangible net worth that does not ex-
23 ceed \$7,000,000, and has average net
24 income (excluding any carryover
25 losses) for the 2 completed fiscal years

1 preceding the date of the application
2 for assistance under this subpara-
3 graph that does not exceed
4 \$2,500,000; and

5 “(IV) is licensed as a child care
6 provider by the State, insular area, or
7 the District of Columbia, in which it
8 is located.

9 “(iv) SUNSET PROVISION.—This sub-
10 paragraph shall cease to have effect on
11 September 30, 2009, and shall apply to all
12 loans authorized under this subparagraph
13 that are applied for, approved, or dis-
14 bursed during the period beginning on the
15 date of enactment of this subparagraph
16 and ending on September 30, 2009.”.

17 (b) REPORTS.—

18 (1) SMALL BUSINESS ADMINISTRATION.—

19 (A) IN GENERAL.—Not later than 6
20 months after the date of enactment of this Act,
21 and every 6 months thereafter until September
22 30, 2009, the Administrator shall submit a re-
23 port on the implementation of the program
24 under section 502(b)(1)(B) of the Small Busi-

1 ness Investment Act of 1958, as added by this
2 Act, to—

- 3 (i) the Committee on Small Business
4 and Entrepreneurship of the Senate; and
5 (ii) the Committee on Small Business
6 of the House of Representatives.

7 (B) CONTENTS.—Each report under sub-
8 paragraph (A) shall contain—

9 (i) the date on which the program is
10 implemented;

11 (ii) the date on which the rules are
12 issued under subsection (c); and

13 (iii) the number and dollar amount of
14 loans under the program applied for, ap-
15 proved, and disbursed during the previous
16 6 months—

17 (I) with respect to nonprofit child
18 care businesses; and

19 (II) with respect to for-profit
20 child care businesses.

21 (2) GOVERNMENT ACCOUNTABILITY OFFICE.—

22 (A) IN GENERAL.—Not later than March
23 31, 2009, the Comptroller General of the
24 United States shall submit a report on the child
25 care small business loans authorized by section

1 502(b)(1)(B) of the Small Business Investment
2 Act of 1958, as added by this Act, to—

3 (i) the Committee on Small Business
4 and Entrepreneurship of the Senate; and

5 (ii) the Committee on Small Business
6 of the House of Representatives.

7 (B) CONTENTS.—The report under sub-
8 paragraph (A) shall contain information gath-
9 ered during the first 2 years of the loan pro-
10 gram, including—

11 (i) an evaluation of the timeliness of
12 the implementation of the loan program;

13 (ii) a description of the effectiveness
14 and ease with which certified development
15 companies, lenders, and small business
16 concerns have participated in the loan pro-
17 gram;

18 (iii) a description and assessment of
19 how the loan program was marketed;

20 (iv) by location (State, insular area,
21 and the District of Columbia) and in total,
22 the number of child care small businesses,
23 categorized by status as a for-profit or
24 nonprofit business, that—

1 (I) applied for a loan under the
2 program (and whether it was a new or
3 expanding child care provider);

4 (II) were approved for a loan
5 under the program; and

6 (III) received a loan disburse-
7 ment under the program (and whether
8 they are a new or expanding child
9 care provider); and

10 (v) with respect to businesses de-
11 scribed under clause (iv)(III)—

12 (I) the number of such busi-
13 nesses in each State, insular area, and
14 the District of Columbia, as of the
15 year of enactment of this Act;

16 (II) the total amount loaned to
17 such businesses under the program;

18 (III) the total number of loans to
19 such businesses under the program;

20 (IV) the average loan amount
21 and term;

22 (V) the currency rate, delin-
23 quencies, defaults, and losses of the
24 loans;

1 (VI) the number and percent of
2 children served who receive subsidized
3 assistance; and

4 (VII) the number and percent of
5 children served who are low income.

6 (C) ACCESS TO INFORMATION.—

7 (i) IN GENERAL.—The Administration
8 shall collect and maintain such information
9 as may be necessary to carry out this para-
10 graph from certified development centers
11 and child care providers, and such centers
12 and providers shall comply with a request
13 for information from the Administration
14 for that purpose.

15 (ii) PROVISION OF INFORMATION TO
16 GOVERNMENT ACCOUNTABILITY OFFICE.—
17 The Administration shall provide informa-
18 tion collected under this subparagraph to
19 the Comptroller General of the United
20 States for purposes of the report required
21 by this paragraph.

22 (c) RULEMAKING AUTHORITY.—Not later than 120
23 days after the date of enactment of this Act, the Adminis-
24 trator shall issue final rules to carry out the loan program

1 authorized by section 502(b)(1)(B) of the Small Business
2 Investment Act of 1958, as added by this Act.

3 **SEC. 1906. STUDY ON THE IMPACT OF THE LOW DOCU-**
4 **MENTATION LOAN PROGRAM.**

5 (a) DEFINITION.—In this section, the term “rural
6 area” has the same meaning as in section 7(m) of the
7 Small Business Act (15 U.S.C. 636(m)).

8 (b) STUDY.—Not later than 3 months after the date
9 of enactment of this Act, the Administrator shall under-
10 take a study on the effect of eliminating the low docu-
11 mentation loan program under section 7(a)(25)(C) of the
12 Small Business Act (15 U.S.C. 636(a)(25)(C)), includ-
13 ing—

14 (1) the effectiveness of the low documentation
15 loan program in rural areas;

16 (2) the effect that the elimination of the low
17 documentation loan program would have on lending
18 in rural areas; and

19 (3) the overall accessibility and effectiveness of
20 lending in rural areas.

21 (c) REPORT TO CONGRESS.—Not later than 1 year
22 after the date of enactment of this Act, the Administrator
23 shall submit to the Committee on Small Business and En-
24 trepreneurship of the Senate and the Committee on Small

1 Business of the House of Representatives a report con-
2 taining—

3 (1) the results of the study conducted under
4 subsection (b); and

5 (2) recommendations, if any, to improve the ac-
6 cessibility and effectiveness of lending in rural areas.

7 **SEC. 1907. ENFORCEMENT OMBUDSMAN.**

8 Section 30(b)(2) of the Small Business Act (15
9 U.S.C. 657(b)(2)) is amended—

10 (1) by redesignating subparagraphs (C) through
11 (E) as subparagraphs (D) through (F), respectively;

12 (2) by inserting after subparagraph (B) the fol-
13 lowing:

14 “(C) assist small business concerns with
15 bringing cases or complaints (whether formal or
16 informal) before Federal regulatory boards and
17 agencies, including the Surface Transportation
18 Board, Environmental Protection Agency, Oc-
19 cupational Health and Safety Administration,
20 Federal Communications Commission, and
21 Food and Drug Administration;”; and

22 (3) in subparagraph (F), as redesignated by
23 this section, by striking “subparagraph (C)” and in-
24 serting “subparagraph (D)”.

1 **SEC. 1908. MINORITY ENTREPRENEURSHIP AND INNOVA-**
2 **TION PILOT PROGRAM.**

3 (a) DEFINITIONS.—In this section—

4 (1) the term “Hispanic serving institution” has
5 the meaning given the term in section 502 of the
6 Higher Education Act of 1965 (20 U.S.C. 1101a);

7 (2) the term “historically Black college and uni-
8 versity” has the meaning given the term “part B in-
9 stitution” in section 322 of the Higher Education
10 Act of 1965 (20 U.S.C. 1061);

11 (3) the term “small business development cen-
12 ter” has the same meaning as in section 21 of the
13 Small Business Act (15 U.S.C. 648); and

14 (4) the term “Tribal College” has the meaning
15 given the term “tribally controlled college or univer-
16 sity” in section 2 of the Tribally Controlled College
17 or University Assistance Act of 1978 (25 U.S.C.
18 1801).

19 (b) MINORITY ENTREPRENEURSHIP AND INNOVA-
20 TION GRANTS.—

21 (1) IN GENERAL.—The Administrator shall
22 make grants to historically Black colleges and uni-
23 versities, Tribal Colleges, and Hispanic serving insti-
24 tutions, or to any entity formed by a combination of
25 such institutions—

1 (A) to assist in establishing an entrepre-
2 neurship curriculum for undergraduate or grad-
3 uate studies; and

4 (B) for placement of small business devel-
5 opment centers on the physical campus of the
6 institution.

7 (2) CURRICULUM REQUIREMENT.—An institu-
8 tion of higher education receiving a grant under this
9 subsection shall develop a curriculum that includes
10 training in various skill sets needed by successful en-
11 trepreneurs, including—

12 (A) business management and marketing,
13 financial management and accounting, market
14 analysis and competitive analysis, innovation
15 and strategic planning; and

16 (B) additional entrepreneurial skill sets
17 specific to the needs of the student population
18 and the surrounding community, as determined
19 by the institution.

20 (3) SMALL BUSINESS DEVELOPMENT CENTER
21 REQUIREMENT.—Each institution receiving a grant
22 under this subsection shall open a small business de-
23 velopment center that—

1 (A) performs studies, research, and coun-
2 seling concerning the management, financing,
3 and operation of small business concerns;

4 (B) performs management training and
5 technical assistance regarding the participation
6 of small business concerns in international mar-
7 kets, export promotion and technology transfer,
8 and the delivery or distribution of such services
9 and information;

10 (C) offers referral services for entre-
11 preneurs and small business concerns to busi-
12 ness development, financing, and legal experts;
13 and

14 (D) promotes market-specific innovation,
15 niche marketing, capacity building, inter-
16 national trade, and strategic planning as keys
17 to long-term growth for its small business con-
18 cern and entrepreneur clients.

19 (4) GRANT LIMITATIONS.—A grant under this
20 subsection—

21 (A) may not exceed \$500,000 for any fis-
22 cal year for any 1 institution of higher edu-
23 cation;

24 (B) may not be used for any purpose other
25 than those associated with the direct costs in-

1 curred to develop and implement a curriculum
2 that fosters entrepreneurship and the costs in-
3 curred to organize and run a small business de-
4 velopment center on the grounds of the institu-
5 tion; and

6 (C) may not be used for building expenses,
7 administrative travel budgets, or other expenses
8 not directly related to the implementation of the
9 curriculum or activities authorized by this sec-
10 tion.

11 (5) EXCEPTION FROM SMALL BUSINESS ACT
12 REQUIREMENT.—Subparagraphs (A) and (B) of sec-
13 tion 21(a)(4) of the Small Business Act (15 U.S.C.
14 648(a)(4)) do not apply to assistance made available
15 under this subsection.

16 (6) REPORT.—Not later than November 1 of
17 each year, the Associate Administrator of Entrepre-
18 neurial Development of the Administration shall sub-
19 mit to the Committee on Small Business and Entre-
20 preneurship of the Senate and the Committee on
21 Small Business of the House of Representatives, a
22 report evaluating the award and use of grants under
23 this subsection during the preceding fiscal year,
24 which shall include—

1 (A) a description of each entrepreneurship
2 program developed with grant funds, the date
3 of the award of such grant, and the number of
4 participants in each such program;

5 (B) the number of small business concerns
6 assisted by each small business development
7 center established with a grant under this sub-
8 section; and

9 (C) data regarding the economic impact of
10 the small business development center coun-
11 seling provided under a grant under this sub-
12 section.

13 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
14 authorized to be appropriated to carry out this section
15 \$10,000,000, to remain available until expended, for each
16 of fiscal years 2007 and 2008.

17 (d) LIMITATION ON USE OF OTHER FUNDS.—The
18 Administrator shall carry out this section only with
19 amounts appropriated in advance specifically to carry out
20 this section.

21 **SEC. 1909. OFFICE OF NATIVE AMERICAN AFFAIRS PILOT**
22 **PROGRAM.**

23 (a) DEFINITION.—In this section, the term “Indian
24 tribe” means any band, nation, or organized group or
25 community of Indians located in the contiguous United

1 States, and the Metlakatla Indian Community, whose
2 members are recognized as eligible for the services pro-
3 vided to Indians by the Secretary of the Interior because
4 of their status as Indians.

5 (b) AUTHORIZATION.—The Office of Native Amer-
6 ican Affairs of the Administration may conduct a pilot
7 program—

8 (1) to develop and publish a self-assessment
9 tool for Indian tribes that will allow such tribes to
10 evaluate and implement best practices for economic
11 development; and

12 (2) to provide assistance to Indian tribes,
13 through the Inter-Agency Working Group, in identi-
14 fying and implementing economic development op-
15 portunities available from the Federal Government
16 and private enterprise, including—

17 (A) the Administration;

18 (B) the Department of Energy;

19 (C) the Environmental Protection Agency;

20 (D) the Department of Commerce;

21 (E) the Federal Communications Commis-

22 sion;

23 (F) the Department of Justice;

24 (G) the Department of Labor;

1 (H) the Office of National Drug Control
2 Policy; and

3 (I) the Department of Agriculture.

4 (c) TERMINATION OF PROGRAM.—The authority to
5 conduct a pilot program under this section shall terminate
6 on September 30, 2008.

7 (d) REPORT.—Not later than September 30, 2008,
8 the Office of Native American Affairs shall submit a re-
9 port to the Committee on Small Business and Entrepre-
10 neurship of the Senate and the Committee on Small Busi-
11 ness of the House of Representatives regarding the effec-
12 tiveness of the self-assessment tool developed under sub-
13 section (b)(1).

14 **SEC. 1910. INSTITUTIONS OF HIGHER EDUCATION.**

15 (a) IN GENERAL.—Section 21(a)(1) of the Small
16 Business Act (15 U.S.C. 648(a)(1)) is amended by strik-
17 ing “: *Provided, That*” and all that follows through “on
18 such date.” and inserting the following: “On and after De-
19 cember 31, 2006, the Administration may only make a
20 grant under this paragraph to an applicant that is an in-
21 stitution of higher education, as defined in section 101(a)
22 of the Higher Education Act of 1965 (20 U.S.C. 1001(a))
23 that is accredited (and not merely in preaccreditation sta-
24 tus) by a nationally recognized accrediting agency or asso-
25 ciation, recognized by the Secretary of Education for such

1 purpose in accordance with section 496 of that Act (20
2 U.S.C. 1099b), or to a women’s business center operating
3 pursuant to section 29 as a small business development
4 center, unless the applicant was receiving a grant (includ-
5 ing a contract or cooperative agreement) on December 31,
6 2006.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall become effective on December 31,
9 2006.

Calendar No. 577

109TH CONGRESS
2^D Session

S. 3778

A BILL

To reauthorize and improve the Small Business Act
and the Small Business Investment Act of 1958,
and for other purposes.

AUGUST 2, 2006

Read twice and placed on the calendar